

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF DUBLIN,
100 Civic Plaza
Dublin, California 94568
Attn: City Clerk

To be recorded without fee.
(Gov. Code, §§ 6103 and 27383.)

(Space Above This Line For Recorder's Use Only)

**RESALE RESTRICTION AGREEMENT
AND OPTION TO PURCHASE**

Owner: _____

Property Address: _____
Dublin, California _____

Name of Development: _____

This RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE ("Agreement") is entered into by and between the CITY OF DUBLIN, a California municipal corporation (the "City") and _____ ("Owner") regarding certain improved real property which is more particularly described in Exhibit A attached hereto and incorporated herein and commonly known as _____, Dublin, CA, _____ (the "Property") effective as of _____, 20____ ("Effective Date"). City and Owner are hereinafter collectively referred to as the "Parties."

RECITALS

A. The City has Inclusionary Zoning Regulations (Dublin Municipal Code Chapter 8.68) (the "Regulations") that require developers of ownership housing to construct within their projects units that are affordable to low-, and moderate-income households ("the Program"). To further its goal of creating affordable home ownership opportunities for low- and moderate-income persons and families, the City has initiated a program for the sale of some homes at a price below their market rate ("Program"). Pursuant to the Program, developers of ownership housing developments agree to set aside a certain number of units for purchase by low- and moderate-income persons and families, as defined herein.

B. Owner is an eligible low- or moderate-income purchaser under the Program, intends to live in the Property as an owner occupant, and agrees to maintain the Property as Owner's principal residence.

EXHIBIT 1

C. In order to maintain and preserve the Property as housing affordable to eligible low- and moderate-income purchasers, it is necessary to restrict the use and resale of the Property through imposition of the occupancy and resale restrictions set forth herein. These restrictions are intended to prevent initial and subsequent purchasers from using the Property for purposes incompatible with the Program and realizing unwarranted gains from sales of the Property at unrestricted prices. The terms and conditions of this Agreement are intended to provide the necessary occupancy and resale restrictions to ensure that the Property is used, maintained, and preserved as housing affordable to eligible low- and moderate-income purchasers. To further serve the purposes of the Program, it is necessary that the City be granted an option to purchase the Property so that the Property may be maintained as affordable housing.

D. The Property constitutes a valuable community resource by providing decent, safe, and sanitary housing to persons and families of low- and moderate-income who otherwise would be unable to afford such housing. To protect and preserve this resource it is necessary, proper, and in the public interest for the City to administer occupancy and resale controls consistent with the Program and the Regulations by means of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the substantial economic benefits inuring to Owner and the public purposes to be achieved under the Program, Owner and City hereby agree as follows:

1. Definitions.

a. "Affordable Unit Cost" means a sales price that results in annual housing expenses that do not exceed 35% of the maximum income level for [Low- or Moderate-] Income households, adjusted for Household Size Appropriate for the Unit. For purposes of this definition, "annual housing expenses" means principal, insurance, property taxes, property and mortgage insurance, and homeowner's association dues.

b. "Area Median Income" means the area median income adjusted for household size as published annually by the California Department of Housing and Community Development ("HCD") for the County of Alameda pursuant to California Health and Safety Code Section 50093 or successor provision.

c. "Eligible Capital Improvements" is defined in Paragraph 5.a.

d. "Eligible Households" means a household whose gross annual income does not exceed [Low- or Moderate-] Income and who otherwise meets the requirements of the Program.

e. "Household Size Appropriate for the Unit" shall mean 1 person for a studio, two person for a one-bedroom unit, three persons for a two-bedroom unit, four persons for a three-bedroom unit, and five persons for a four-bedroom unit.

f. "Low-Income" means persons and families whose annual gross income does not exceed eighty percent (80%) of Area Median Income, as adjusted for household size.

g. "Moderate-Income" means persons and families whose annual gross income does not exceed one hundred twenty percent (120%) of the Area Median Income, as adjusted for household size.

h. "Permitted Encumbrances" means any encumbrances permitted to be recorded against the Property pursuant to Paragraph 10.

i. "Permitted Exceptions" is defined in Paragraph 3.d.ix.

j. "Transfer" is defined in Paragraph 9.

2. Program Requirements.

a. **Affordability Restrictions.** Owner hereby covenants and agrees that during the term of this Agreement all of the requirements and restrictions of this Agreement shall apply, and the Property shall be sold or otherwise transferred only pursuant to the terms and conditions of this Agreement and only to (i) Eligible Households at a price not to exceed the Adjusted Resale Price, as defined in Paragraph 5, (ii) the City pursuant to Paragraph 3, at a price not to exceed the Adjusted Resale Price, as defined in Paragraph 5, or (iii) a permitted transferee pursuant to Paragraph 9.

b. **Disclosure.** EXCEPT AS PROVIDED IN PARAGRAPHS 9.a AND 9.b BELOW, DURING THE TERM OF THIS AGREEMENT OWNER SHALL NOT SELL OR OTHERWISE TRANSFER THE PROPERTY WITHOUT THE WRITTEN CERTIFICATION BY THE CITY THAT THE TRANSFeree QUALIFIES AS AN ELIGIBLE HOUSEHOLD AND THAT THE PROPERTY IS BEING TRANSFERRED AT A PRICE NOT TO EXCEED THE ADJUSTED RESALE PRICE, WHICH IS CAPPED AT THE AFFORDABLE UNIT COST AS DEFINED IN PARAGRAPH 1.a. ANY SALE OR OTHER TRANSFER OF THE PROPERTY IN VIOLATION OF THIS COVENANT SHALL BE VOIDABLE BY THE CITY.

c. **Principal Residence Requirement.** OWNER COVENANTS AND AGREES THAT HE/SHE/THEY SHALL OCCUPY THE PROPERTY AS HIS/HER/THEIR PRINCIPAL RESIDENCE FOR THE DURATION OF HIS/HER/THEIR OWNERSHIP AND SHALL NOT RENT OR LEASE THE PROPERTY OR PORTION THEREOF DURING THE TERM OF THIS AGREEMENT WITHOUT PRIOR WRITTEN APPROVAL OF CITY. Owner shall occupy the Property as his/her/their principal residence within sixty (60) days of close of escrow for the Property. Owner shall be considered as occupying the Property as a principal residence if the Owner is living in the Property for at least ten (10) months out of each calendar year. Upon request by the City made from time to time, the Owner of the Property shall submit an affidavit to the City certifying that the Property is the Owner's principal residence and provide such documents and other evidence as may be requested to verify Owner's compliance with this requirement. Abandonment of the Property shall constitute an Option Event (as defined in Paragraph 3.c below) and shall entitle the City to exercise its Option to purchase the Property.

3. Option to Purchase.

a. **Grant of Option to Purchase.** Owner hereby grants to the City an option ("Option") to purchase the Property at the Adjusted Resale Price subject only to Permitted Exceptions upon the occurrence of an Option Event (defined in Paragraph 3.c below), subject to the terms and conditions contained herein.

b. **Assignment of the Option.** The City may assign the Option to another government entity, a non-profit affordable housing provider or a person or family that qualifies as an Eligible Household. The City's assignment of the Option shall not extend any time limits contained herein with respect to the exercise period of the Option or the period within which the Property must be purchased.

c. **Events Giving Rise to Right to Exercise Option.** The City shall have the right to exercise its Option upon the occurrence of any of the following events (each, an "Option Event"):

i. Receipt of a Notice of Intent to Transfer (defined in Paragraph 3.d.i below);

ii. Any actual, attempted or pending sale, conveyance, transfer, lease or other attempted disposition of the Property or of any estate or interest therein, except as provided in Paragraph 9 below;

iii. Any actual, attempted or pending encumbrance of the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanics, tax or other lien, except as provided in Paragraph 10 below;

iv. Recordation of a notice of default and/or notice of sale pursuant to California Civil Code section 2924 (or successor provisions) under any deed of trust or mortgage with a power of sale encumbering the Property;

v. Commencement of a judicial foreclosure proceeding regarding the Property;

vi. Execution by Owner of any deed in lieu of foreclosure transferring ownership of the Property;

vii. Commencement of a proceeding or action in bankruptcy, whether voluntary or involuntary, pursuant to Title 11 of the United States Code or other bankruptcy statute, or any other insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship, concerning the Owner; or

viii. Any violation by Owner of any provision of this Agreement including, without limitation, the conditions set forth in Paragraph 2 above.

d. **Method of Exercising the Option.**

i. **Notice of Intent to Transfer.** If Owner desires to sell, convey, lease, encumber (other than pursuant to Paragraph 10 below) or otherwise transfer the

Property or of any estate or interest therein (other than pursuant to Paragraph 9 below), Owner shall deliver written notice to City of such intent ("Notice of Intent to Transfer") by certified mail not less than 45 days prior to the date of such proposed sale, conveyance, transfer, lease, encumbrance or disposition. The Notice of Intent to Transfer shall be in substantially the form attached hereto as Exhibit B or such substitute form in use by City at such time. In the case of a proposed sale of the Property to an identified prospective purchaser, the Owner shall submit to the City, together with the Notice of Intent to Transfer, a copy of the prospective purchaser's income certification, a list of all assets owned by the prospective purchaser, and other financial information reasonably requested by City, in a form approved by the City, along with the income certification to be provided to any lender making a loan to the prospective purchaser, a copy of the proposed sales contract and all documents setting forth the terms of sale, the name of the title company and escrow information. The City may require documentation evidencing and supporting the income and other financial information contained in the certifications.

ii. **Notice of Exercise.** Upon the occurrence of any Option Event, the City may exercise its Option by delivering notice, pursuant to Paragraph 17 and within the time period specified in Paragraph 3.d.iv, to Owner of City's intent to exercise such Option pursuant to the terms of this Agreement ("Notice of Exercise"). The Notice of Exercise may be in the form attached hereto and incorporated herein as Exhibit C, or in such other form as the City may from time to time adopt. If the Option Event relates to the potential foreclosure of a mortgage under Paragraphs 3.c.iv, 3.c.v, or 3.c.vi, then (i) the City shall also deliver the Notice of Exercise to the mortgagee or beneficiary under such mortgage, at such mortgagee's or beneficiary's address of record in the Office of the Recorder of Alameda County and (ii) City shall not complete the purchase of the Property if the default is cured within the time periods permitted by law.

iii. **Notice of Consent to Transfer.** If the Option Event involves a transfer of the Property and the City does not exercise the Option, the City may consent to the transfer ("Consent to Transfer") provided that all of the following requirements are satisfied: (i) the proposed purchaser qualifies as an Eligible Household; (ii) the sale of the Property is at a price not to exceed the Adjusted Resale Price; (iii) the proposed purchaser executes a Disclosure Statement in the form attached hereto as Exhibit F or such other form or forms as may be promulgated by the City; (iv) the proposed purchaser and the City execute and record an agreement substantially similar to this Agreement in a form approved by the City within the time set forth in the Consent to Transfer; and (v) the proposed purchaser executes a Performance Deed of Trust substantially in the form attached hereto as Exhibit G. OWNER SHALL PAY REAL ESTATE COMMISSIONS, IF ANY, WHICH SHALL NOT EXCEED 6% OF THE ACTUAL SALES PRICE. If any of the foregoing requirements are not satisfied, then the Consent to Transfer shall expire and the City may, at its option, either (i) notify Owner of the disqualification, thereby entitling Owner to locate another purchaser who qualifies as an Eligible Household, or (ii) exercise the Option, as if no Consent to Transfer had been delivered.

iv. **Time Period for Notice.** The City shall deliver a Consent to Transfer, if applicable, not later than thirty (30) days after the date that it receives notification of an Option Event. The City shall deliver a Notice of Exercise, if applicable, on or before the date which is the later to occur of the following: (i) thirty (30) days after the date that the City receives notification of an Option Event or (ii) fifteen (15) days after a

Consent to Transfer has expired. If the City delivers a Notice of Exercise to Owner upon occurrence of an Option Event described in Paragraphs 3.c.iv, 3.c.v, or 3.c.vi, the City or its assignee shall close escrow for the purchase of the Property no later than 90 days after the date the City receives notification of such Option Event. For purposes of computing commencement of the delivery periods, the City shall be deemed to have received notification of an Option Event on the date of delivery of a Notice of Intent to Transfer, pursuant to the terms of Paragraph 17 below or on the date it actually receives notice of default, summons and complaint or other pleading, or other writing specifically stating that an Option Event has occurred. The City shall have no obligation to deliver a Notice of Exercise or Consent to Transfer, and the applicable time period for exercise of the Option shall not commence to run, unless and until the City has received notification of an Option Event in the manner specified in this subparagraph. If there is a stay or injunction imposed by court order precluding the City from delivering its Consent to Transfer or Notice of Exercise within the applicable time period, then the running of such period shall cease until such time as the stay is lifted or the injunction is dissolved and the City has been given written notice thereof, at which time the period for delivery of a Consent to Transfer or Notice of Exercise shall again begin to run.

v. **No Waiver.** If the City in its sole discretion determines not to exercise the Option in any particular instance, or fails to deliver a Notice of Exercise or Consent to Transfer within the time periods set forth in Paragraph 3.d.iv. above, such determination or failure shall not affect City's rights to exercise the Option upon the occurrence of any future Option Event.

vi. **Right to Reinstatement.** If the Option Event is the recordation of a notice of default, then the City shall be deemed to be Owner's successor in interest under California Civil Code Section 2924(c) (or successor section) solely for purposes of reinstatement of any mortgage on the Property that has led to the recordation of the notice of default. As Owner's deemed successor in interest, the City shall be entitled to pay all amounts of principal, interest, taxes, assessments, homeowners' association fees, insurance premiums, advances, costs, attorneys' fees and expenses required to cure the default. If the City exercises the Option, then any and all amounts paid by the City pursuant to this Paragraph shall be treated as Adjustments to the Base Resale Price for the Property, as defined in Paragraph 5 below.

vii. **Inspection of Property.** After receiving a Notice of Intent to Transfer or delivering a Notice of Exercise, the City shall be entitled to inspect the Property one or more times prior to the close of escrow to determine the amount of any Adjustments to the Base Resale Price. Before inspecting the Property, the City shall give Owner not less than forty-eight (48) hours written notice of the date, time and expected duration of the inspection. The inspection shall be conducted between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, excluding court holidays, unless the parties mutually agree in writing to another date and time. Owner shall make the Property available for inspection on the date and at the time specified in the City's request for inspection.

viii. **Escrow.** Promptly after delivering a Notice of Exercise, the City shall open an escrow account for its purchase of the Property. Close of escrow shall take place on such date which is the later to occur of the following, (a) sixty (60) days after a Notice of Exercise has been delivered, or (b) ten (10) days after Owner has performed all

acts and executed all documents required for close of escrow; provided however, if the City exercises the Option upon the occurrence of an Option Event described in Paragraphs 3.c.iv, 3.c.v, or 3.c.vi, close of escrow shall take place no later than 90 days after the date the City receives notification of such Option Event. Prior to the close of escrow, the City shall deposit into escrow with a title company of City's choosing, the Adjusted Resale Price as defined in Paragraph 5 below and all escrow fees and closing costs to be paid by City. Commissions (not to exceed 6% of the actual sales price), closing costs and title insurance shall be paid pursuant to the custom and practice in the County of Alameda at the time of the opening of escrow, or as may otherwise be provided by mutual agreement. Owner agrees to perform all acts and execute all documents reasonably necessary to effectuate the close of escrow and Transfer of the Property to the City.

ix. **Proceeds of Escrow; Removal of Exceptions to Title.** Prior to close of escrow, Owner shall cause the removal of all exceptions to title to the Property that were recorded after the Effective Date with the exception of (i) taxes for the fiscal year in which the escrow for this transaction closes, which taxes shall be prorated as between Owner and City as of the date of close of escrow; (ii) quasi-public utility, public alley, public street easements, and rights of way of record, and (iii) such other liens, encumbrances, reservations and restrictions as may be approved in writing by City ("Permitted Exceptions").

The purchase price deposited into escrow by the City shall be applied first to the payment of any and all Permitted Encumbrances recorded against the Property in order of lien priority, and thereafter to the payment of Owner's share of escrow fees and closing costs. Any amounts remaining after the purchase price has been so applied, if any, shall be paid to Owner upon the close of escrow. If the purchase price is insufficient to satisfy all liens and encumbrances recorded against the Property, the Owner shall deposit into escrow such additional sums as may be required to remove said liens and encumbrances. In the event that the City agrees to proceed with close of escrow prior to the date that Owner has caused all exceptions to title recorded after the Effective Date other than Permitted Exceptions to be removed, then Owner shall indemnify, defend and hold City harmless from any and all costs expenses or liabilities (including attorneys' fees) incurred or suffered by City that relate to such exceptions and their removal as exceptions to title to the Property.

4. **Base Resale Price.** Prior to adjustment pursuant to Paragraph 5 the base resale price ("Base Resale Price") of the Property shall be the lowest of:

a. **Median Income.** The original price ("Base Price") paid by Owner for acquisition of the Property pursuant to the Program, increased (but not decreased) by an amount, if any, equal to the Base Price multiplied by the percentage increase in the Area Median Income between the Effective Date and the date that the City receives notification of an Option Event; or

b. **Fair Market Value.** The fair market value of the Property as determined by an appraiser selected and paid for by Owner and approved in writing by the City.

To compute the Base Resale Price, the City may use the Base Resale Price Worksheet attached as Exhibit D hereto, or such other form as the City may from time to time adopt.

5. Adjustments to Base Resale Price. Subject to the Affordable Unit Cost restriction described in subparagraph (d) below, the Base Resale Price shall be increased or decreased, as applicable, by the following adjustment factors ("Adjustment"):

a. **Capital Improvements.** An increase for Eligible Capital Improvements (defined below) made to the Property. The amount of the Adjustment shall equal the original cost of any such capital improvements.

In the exercise of reasonable discretion in accordance with the Guidelines to the Inclusionary Ordinance Regulations adopted by the City from time to time, the City will approve capital improvements that will improve the health and safety conditions of the Property. To receive such approval, the Owner must submit evidence to the City showing the purpose and cost of the capital improvements. If the City approves the capital improvements, they shall be deemed "Eligible Capital Improvements."

b. **Damages.** A decrease by the amount necessary to repair damage to the Property, if any, and to place the Property into saleable condition as reasonably determined by the City, including, without limitation, amounts attributed to cleaning; painting; replacing worn carpeting and draperies; making necessary structural, mechanical, electrical and plumbing repairs; and repairing or replacing built-in appliances and fixtures. Owner hereby covenants to, at Owner's expense, maintain the Property in the same condition as in existence on the date of City's Notice of Exercise, reasonable wear and tear excepted.

c. **Advances by the City.** A decrease in an amount equal to the sum of all costs advanced by the City for the payment of mortgages, taxes, assessments, insurance premiums, homeowner's association fees and/or associated late fees, costs, penalties, interest, attorneys' fees, pest inspections, resale inspections and other expenses related to the Property, which Owner has failed to pay or has permitted to become delinquent.

d. **Adjusted Resale Price Not to Exceed Affordable Unit Cost.** The Base Resale Price as adjusted, is hereinafter referred to as the "Adjusted Resale Price." Notwithstanding any other provision hereof to the contrary, in no event shall the Adjusted Resale Price exceed the Affordable Unit Cost.

6. Priority and Effectiveness of the Option.

a. **Recordation.** This Agreement shall be recorded in the Office of the Recorder of the County of Alameda on or as soon as practicable after the Effective Date. The Option shall have priority over any subsequent sale, conveyance, transfer, lease or other disposition or encumbrance of the Property, or of any estate or interest therein, and in the event of exercise of the Option by City, the City shall take the Property subject only to Permitted Exceptions. Except as otherwise provided in Paragraph 7.a, the exercise of the Option by the City at any time and from time to time shall not extinguish the Option or cause a merger of the Option into any estate or other interest in the Property, and the Option shall continue to exist and be effective with respect to the Property against any and all subsequent owners in accordance with the terms and conditions hereof.

b. **Request for Notice of Default.** The City shall file a Request for Notice of Default for recordation in the Office of the Recorder of the County of Alameda promptly upon execution of this Agreement (see Exhibit E).

c. **Subordination.** The City agrees that in order to assist qualified purchasers to secure purchase money financing for the acquisition of the Property, the City will enter into a subordination agreement with a senior purchase money lender to subordinate this Agreement under such terms as the City and the senior purchase money lender shall negotiate.

7. Survival of Option Upon Transfer.

a. **In General.** The City's right to exercise the Option shall survive any Transfer of the Property by Owner. Each transferee, assignee or purchaser of the Property during the term hereof shall be required to execute an agreement substantially in the form of this Agreement, provided that the term of any such agreement shall be for the duration of the term hereof as of the date of any such transfer, assignment or sale. The Option may be exercised against the Property throughout the term hereof, regardless of whether the Property is owned, possessed or occupied by Owner or any successor, transferee, assignee, heir, executor, or administrator of Owner, regardless of household income (if applicable) including a debtor-in-possession, debtor or trustee pursuant to Title 11 of the United States Code. Notwithstanding the foregoing, the Option shall not survive (i) the Transfer of the Property to a third party purchaser pursuant to a judicial or non-judicial foreclosure or a deed-in-lieu of foreclosure under a power of sale contained in a mortgage or deed of trust held by an institutional lender, or (ii) the recording of an instrument conveying Owner's interest in the Property to the City, or its assignee, provided the conveyance is in accordance with the terms of this Agreement.

b. **HUD Insured Mortgage.** If Owner has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, and a notice of default has been recorded pursuant to California Civil Code Section 2924 (or successor provisions), then this Option shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured mortgage is assigned to the Secretary.

8. **Voidable Transfers.** Any actual or attempted sale, conveyance, Transfer or other disposition of the Property, or of any estate or interest therein, in violation of the terms and conditions of this Agreement, shall be voidable at the election of the City.

9. **Restrictions on Transfer and Resale.** Except as provided in Paragraphs 9.a and 9.b below, throughout the term of this Agreement, the Property may only be sold or otherwise conveyed only to Eligible Households at a price not to exceed the Adjusted Resale Price. As more particularly described in Paragraph 5, the Adjusted Resale Price may not exceed the Affordable Unit Cost. There shall be no Transfer of the Property without City's certification that the transferee is an Eligible Household and that the Property is being transferred at a price not to exceed the Adjusted Resale Price. "**Transfer**" means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Property, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, an interest evidenced by a land contract by which possession of the

Property is transferred and Owner retains title, or a deed of trust. Any Transfer of the Property in violation of the requirements of this Paragraph is prohibited and shall constitute an Event of Default and an Option Event entitling City to exercise its Option to purchase the Property.

a. **Permitted Transfers.** Provided that the transferee and City execute and record an agreement substantially similar to this Agreement in a form approved by the City, the following Transfers ("Permitted Transfers") of title to the Property, or of any estate or interest therein, shall not trigger the exercise of the Option, and shall not be considered Option Events: (a) a good-faith Transfer by gift, devise or inheritance to Owner's spouse or issue; (b) a taking of title by a surviving joint tenant; (c) a court-ordered Transfer of title to a spouse as part of a divorce or dissolution proceeding; (d) a Transfer by Owner into an inter vivos trust in which the Owner is a beneficiary and the Owner continues to occupy the property as his/her primary residence; or (e) an acquisition of title, or of any interest therein, in conjunction with marriage. Notwithstanding any Permitted Transfer, the Option shall remain effective with respect to the Property for the duration of the term hereof.

b. **Inheritance.** In the event a Transfer occurs by devise or inheritance due to death of the Owner, the administrator of the Owner's estate or the person inheriting the Property shall provide written notice to the City of the Owner's death within thirty (30) days of the date of death, and the following procedures shall apply:

(i) If the person inheriting the Property (the "**Inheriting Owner**") is the child or stepchild of the deceased Owner (an "**Inheriting Child**"), he or she shall provide the City with documentation that he or she is the child or stepchild of the deceased Owner together with income information, to be verified by the City, so that the City may determine if the Inheriting Child is an Eligible Household. If the Inheriting Child fails to provide required documentation of his or her relationship to the Owner or financial information, he or she shall be deemed not to qualify as an Inheriting Child and/or Eligible Household, as applicable. If the Inheriting Child qualifies as an Eligible Household, he or she shall succeed to the Owner's interest and obligations under this Agreement and new documents shall be executed between the Inheriting Child and the City and recorded against the Property. If the Inheriting Child fails to qualify as an Eligible Household, he or she shall be required to Transfer the Property to an Eligible Household at a price not exceeding the Adjusted Resale Price, pursuant to the procedures set forth in this Agreement and the City may exercise its Option; provided however, the Inheriting Child may occupy the Property for up to twelve (12) months from the date of the death of Owner provided that the Inheriting Child remains in compliance with the requirements of this Agreement and the Deed of Trust.

(ii) If the Inheriting Owner is not the child or stepchild of the deceased Owner, he or she shall Transfer the Property to an Eligible Purchaser at a price not exceeding the Adjusted Resale Price, pursuant to the procedures set forth in this Agreement, and the City may exercise its Option. In this event, the Inheriting Owner shall provide the City with a Notice of Intent to Transfer within sixty (60) days of the date of death of the Owner.

(iii) Failure of an Inheriting Owner to follow the procedures and file the notices described in this Paragraph 9.b shall constitute an Event of Default under this Agreement, and the City may then exercise any of the remedies set forth in this Agreement or available to City under law or equity, including, without limitation, exercise of the City Option.

c. **Changes to Title.** Notwithstanding paragraphs 9.a and 9.b above, Owner shall obtain City's written approval prior to making any changes to the title of the Property, including but not limited to, the addition or deletion of the names of any person to or from title to the Property.

10. Restrictions on Financing Secured by Property. Owner shall permit no mortgage, deed of trust or other security instrument to be recorded against the Property other than the following: (i) a fixed rate conventional mortgage with a term of up to 40 years; (ii) this Agreement; (iii) other loan products approved by the City; and (iv) encumbrances permitted pursuant to Paragraph 11 below. Owner hereby covenants and agrees that he/she/they shall use his/her/their best efforts to ensure that any deed of trust or other agreement encumbering the property shall include provisions providing for notice to be delivered to City of any default thereunder and for City's right to cure such default at City's election.

11. Initial Financing; Refinancing; Junior Loans.

a. **Initial Financing.** Owner's aggregate purchase money financing for the Property ("**Initial Financing**") shall not exceed an amount equal to one hundred percent (100%) of the Base Resale Price calculated as provided in Paragraph 4.

b. **Refinancing.** Any prepayment and refinance of the Initial Financing shall not be permitted unless expressly approved by the City in writing, and the City may approve such refinancing only if all of the following conditions are met:

i. the refinance reduces Owner's interest rate and monthly payments of principal and interest on the Initial Financing or shall be used to finance Eligible Capital Improvements;

ii. the refinance does not cause the principal amount of all debt secured by the Property to exceed the then outstanding balance (plus refinancing and closing costs) of the Initial Financing plus the cost of any Eligible Capital Improvements that shall be made by Owner;

iii. the refinance does not result in Owner receiving any cash from the refinance except for Eligible Capital Improvements;

iv. the refinance does not cause the Property's loan to value ratio (calculated by comparing the total debt secured by the Property to the Adjusted Resale Price of the Home) to exceed 100% if the Owner does not receive any cash from the refinance or 97% if the Owner receives cash from the refinance for Eligible Capital Improvements.

v. the total outstanding balance of principal and any accrued interest on all loans secured by the Property does not exceed the Adjusted Resale Price, calculated by the City pursuant to Paragraph 5 of this Agreement.

c. **Junior Loans.** Mortgage loans or equity lines of credit junior in lien priority to the Performance Deed of Trust are not permitted, except when expressly approved by the City in writing. The City shall only approve junior mortgage loans or equity lines of credit as follows:

vi. the loan or equity line of credit does not cause the Property's loan to value ratio (calculated by comparing the total debt secured by the Property to the Adjusted Resale Price of the Property) to exceed 97%.

vii. the proceeds of such loan or equity line of credit are used only for Eligible Capital Improvements; and

viii. the total outstanding balance of principal and any accrued interest on all loans secured by the Property does not exceed the Adjusted Resale Price, calculated by the City pursuant to Paragraph 5 of this Agreement.

b. **Eligible Capital Improvements.** In the event (i) the Owner refinances the Initial Financing in accordance with Paragraph 11.b, or (ii) the Owner borrows a junior loan or takes an equity line of credit in accordance with Paragraph 11.c, and the funds from such refinance, loan, or line of credit shall be used for Eligible Capital Improvements, Owner shall provide evidence to City, in a form acceptable to City in its sole and absolute discretion, that any amount of funds received by Owner for such Eligible Capital Improvements shall be and are used for the construction of such Eligible Capital Improvements.

c. **Affordable Housing Cost; Subordination.** The City and the Owner agree that the requirements of this Paragraph 11 are necessary to ensure the continued affordability of the Property to Owner and to minimize the risk of loss of the Property by Owner through default and foreclosure of mortgage loans. Owner further acknowledges that violation of the provisions of this Paragraph 11 shall constitute a Default under this Agreement. In no case shall this Agreement and the Performance Deed of Trust be in lower than third lien position on the Property. Any subordination agreement to be executed by City shall include notice and cure rights for City regarding any defaults in the mortgage to which the City is subordinating.

12. **Payment of Excess Sale Proceeds.**

a. **Upon Sale in Violation of Agreement.** If Owner sells or otherwise transfers the Property in violation of the price restrictions set forth herein, and if City chooses not to exercise its Option, then City shall be entitled to receive from Owner without any deduction, offset or recoupment, one hundred percent (100%) of the difference (the "**Excess Sale Proceeds**") between (a) the actual sales price net of reasonable and customary real estate commissions paid (such commissions not to exceed six percent (6%) of the actual sales price), and (b) the Adjusted Resale Price, calculated as of the earlier of (i) the date of close of escrow for the sale of the Property to the third party, or (ii) the date the City receives Notice of Intent to Transfer pursuant to Paragraph 3.d.i. This amount shall be a debt of Owner to City and shall be secured by the Performance Deed of Trust. Owner acknowledges that City shall have no obligation to reconvey the Performance Deed of Trust or this Agreement unless and until the Excess Sale Proceeds are paid to City. City shall

use the Excess Sale Proceeds for affordable housing programs. The Owner acknowledges that the formula used to determine the amount of the Excess Sale Proceeds is intended to cause Owner to receive the same or less net sale proceeds from the unrestricted sale of the Property as Owner would have received if the Property had been sold to an Eligible Household at the Adjusted Resale Price.

b. **Upon Foreclosure.** If the Property is sold at a foreclosure sale and the proceeds of such sale are distributed to Owner, any surplus of proceeds remaining after payment of the senior liens and encumbrances on the Property shall be distributed as follows: that portion of the surplus up to, but not to exceed, the net amount Owner would have received pursuant to Paragraph 3.d.ix had the City exercised its Option on the date of such sale shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to the City.

13. **Limits on Liability.** In no event shall the City become liable or obligated in any manner to Owner by reason of the assignment of this Agreement or the Option, nor shall City be in any way liable or obligated to Owner for any failure of the City's assignee to consummate a purchase of the Property or to comply with the terms of this Agreement or the Option, or any escrow instructions or agreement for the purchase of the Property.

14. **Insurance Proceeds and Condemnation Award.** In the event the Property is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild the Property, or, in the event of condemnation, if the proceeds thereof are distributed to Owner, any surplus of proceeds remaining after payment of the senior liens and encumbrances on the Property shall be distributed as follows: that portion of the surplus up to, but not to exceed, the net amount Owner would have received pursuant to Paragraph 3.d.ix had the City exercised its Option on the date of the destruction or condemnation valuation date shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to the City.

15. **Effective Date.** The rights and obligations of the City and Owner set forth in this Agreement shall be effective as of the Effective Date.

16. **Term of Agreement and Option.** The restrictions contained herein and the City's option to purchase the Property shall continue for a period of fifty-five (55) years commencing on the Effective Date. Notwithstanding anything to the contrary in the foregoing, the Agreement shall remain in effect until the first Transfer on or after the termination of the restrictions and option to purchase pursuant to this Paragraph. Upon such sale, Owner shall pay to City an amount ("City's Share") equal to twenty-five percent (25%) of the difference between (a) the actual sales price net of reasonable and customary real estate commissions paid (such commissions not to exceed six percent (6%) of the actual sales price), and (b) the Adjusted Resale Price on the date of the termination of the restrictions and option to purchase pursuant to this Paragraph. The City's Share shall be paid to the City concurrently with close of escrow on the sale of the Property, or upon receipt by Owner of the sale price for the Property, whichever shall first occur. Following completion of a sale in compliance with this provision, this Agreement shall terminate.

17. **Notices.** Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their

respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Paragraph. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail;
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier; or
- d. facsimile transmission, in which case notice shall be deemed delivered on transmittal, provided that a transmission report is generated reflecting the accurate transmission thereof.

City: City of Dublin,
 100 Civic Plaza
 Dublin, California 94568
 Attn: City Manager

Owner: At the address of the Property

18. Defaults and Remedies.

a. **Events of Default.** The following shall constitute the occurrence of an Event of Default hereunder, and shall entitle City to exercise the Option or to pursue any other remedy provided herein or at law or in equity:

- (i) Owner's failure to use the Property as Owner's principal residence;
- (ii) The sale, conveyance, or other transfer of the Property (including a foreclosure sale) if the remaining ownership interest of the Owner in the Property is less than fifty percent (50%), except as provided in Paragraph 9.a. or 9.b.
- (iii) A default occurs under the terms of a deed of trust secured by the Property and such default is not cured prior to the expiration of any applicable cure period.
- (iv) Owner encumbers the Property in violation of this Agreement.
- (v) Owner fails to observe or perform any other covenant, condition, or agreement to be observed or performed by Owner pursuant to this Agreement, and such breach remains uncured beyond the expiration of any applicable cure period.

b. **Specific Performance.** Owner acknowledges that any breach in the performance of its obligations under this Agreement shall cause irreparable harm to the City. Owner agrees that the City is entitled to equitable relief in the form of specific performance upon its exercise of the Option, and that an award of damages shall not be adequate to compensate the City for Owner's failure to perform according to the terms of this Agreement.

c. **Other Remedies.** City shall have all of the remedies provided for at law or equity, all of which shall be cumulative.

19. General Provisions.

a. **Attorneys' Fees.** If either party initiates legal proceedings to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorneys' fees and costs in additions to any other recovery to which it is entitled under this Agreement.

b. **No Joint Venture; No Third-Party Beneficiary.** No joint venture or other partnership exists or is created between the Parties by virtue of this Agreement. Except as expressly stated herein, this Agreement does not benefit any third party.

c. **Successors; Assignment.** This Agreement shall inure to the benefit of and shall be binding upon the Parties to this Agreement and their respective heirs, executors, administrators, successors and assigns. City shall have the right to assign all of its rights and obligations under this Agreement without the consent of Owner.

d. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other prior negotiations, correspondence, understandings and agreements with respect thereto. There are no representations, promises, agreements or other understandings between the Parties relating to the subject matter of this Agreement that are not expressed herein. This Agreement may be modified only by an instrument in writing executed by the Parties or their respective successors in interest.

e. **Survival; No Merger.** All of the terms, provisions, representations, warranties and covenants of the Parties under this Agreement shall survive the close of escrow of any sale of the Property and shall not be merged in any deed transferring the Property.

f. **Authority And Execution.** Each Party represents and warrants that it has full power and authority to enter into this Agreement and to undertake all of its obligations hereunder, that each person executing this Agreement on its behalf is duly and validly authorized to do so.

g. **Severability.** The invalidity or unenforceability of any term or provision of this Agreement shall not impair or affect the remainder of this Agreement, and the remaining terms and provisions hereof shall not be invalidated but shall remain in full force and effect.

h. **Waiver; Modification.** No waiver or modification of this Agreement or any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the Party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties arising out of or affecting this Agreement or the rights or obligations of any Party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this section may not be waived except as herein set forth. A waiver or breach of any covenant, condition or provision of this Agreement shall not be deemed a waiver of any other covenant, condition or provision hereof.

i. **Construction.** The section headings and captions used in this Agreement are for convenience of reference only and shall not modify, define, limit or amplify any of the terms or provisions hereof. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it.

j. **Governing Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of California.

k. **Time of the Essence.** Time is of the essence in this Agreement as to each provision in which time is an element of performance.

l. **Further Assurances.** Each Party will, upon reasonable request of the other Party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such further instruments and documents as may be reasonably necessary in order to fulfill the intents and purposes of this Agreement.

m. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all which together shall constitute one and the same instrument.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

OWNER(S):

CITY:

CITY OF DUBLIN

Joni Pattillo, City Manager

ATTEST:

City Clerk

CALIFORNIA ALL-PURPOSE
ACKNOWLEDGMENT

State of California
County of Alameda

On _____ before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

CERTIFICATE OF ACCEPTANCE
(Pursuant to Government Code §27281)

This is to certify that the interest in real property conveyed by the Resale Restriction Agreement and Option to Purchase dated _____ from _____ to the City of Dublin, a California municipal corporation, is hereby accepted by the undersigned office or agent on behalf of the City of Dublin pursuant to authority conferred by the Resolution No. 24-87 dated April 13, 1987; and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

Its: _____

Attest:

City Clerk

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

FORM: NOTICE OF INTENT TO TRANSFER

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: City of Dublin
100 Civic Center
Dublin, California 94568
Attn: City Manager

Date: _____

Re: Notice of Intent to Transfer

Pursuant to the terms of the Resale Restriction Agreement and Option to Purchase, dated _____, the undersigned Owner(s), _____, hereby give(s) notice of his/her/their intent to transfer the property located at _____, Dublin, California (the "Property"). Owner may be contacted at the Property or at the following address:

Owner's daytime telephone number is (____) _____

[If applicable: The proposed transfer of the Property is to the following person(s):

Name: _____

Address: _____

Telephone: (____) _____]

The proposed transfer is (check one):

☐ Sale

☐ Other

Specify: _____

Owner(s) signature(s):

EXHIBIT C

FORM: NOTICE OF EXERCISE

Date: _____

To: _____
Owner or Transferee

Address

Re: Notice of Exercise

The City of Dublin ("City") hereby gives notice that it is exercising its option to purchase the real property located at _____, Dublin, California. The option has been granted to the City pursuant to the Resale Restriction Agreement and Option to Purchase between Owner and the City dated _____ and recorded on _____ as Instrument No. _____. [The City has assigned its option to purchase the real property to _____.] An escrow for the purchase will be opened with the First American Title Company.

City of Dublin

By: _____

Its: _____

EXHIBIT D

INCLUSIONARY ZONING BASE RESALE PRICE WORKSHEET

Date: _____

Owner: _____

Address: _____

Purchase Price: _____

Date of Purchase: _____

Years Owned: _____ years

CALCULATION BASED ON INCREASE IN MEDIAN INCOME***

Present Median Income: \$ _____ Effective Date: _____

Family of four, County of Alameda
(at time of sale of unit)

Effective Date: _____

Original Median Income: \$ _____

Family of four, County of Alameda
(at time of purchase of unit)

Amount of Increase: _____

Family of four, County of Alameda
(Present median income minus original median
income)

Increase in Price: _____ x _____ x _____ = _____

Method #1 Resale Price: _____ + _____ = _____

Based on the above, the base resale price as of this date, _____, is: _____

By: _____

EXHIBIT F

DISCLOSURE STATEMENT

THERE ARE RESTRICTIONS ON THE SALE OF THE PROPERTY YOU ARE BUYING. EXCEPT FOR A TRANSFER TO THE CITY FOLLOWING CITY'S EXERCISE OF ITS OPTION TO PURCHASE, THIS PROPERTY MAY ONLY BE SOLD TO AN "ELIGIBLE HOUSEHOLD" AT A PRICE NOT TO EXCEED THE ADJUSTED RESALE PRICE WHICH IS CAPPED AT AN "AFFORDABLE UNIT COST."

THIS MEANS THAT YOU MAY NOT SELL THE PROPERTY FOR MARKET VALUE TO WHOMEVER YOU LIKE.

THESE RESTRICTIONS WILL BE IN EFFECT UNTIL _____.
ANY SALE OF THE PROPERTY IN VIOLATION OF THE RESTRICTIONS, SHALL BE VOIDABLE AT THE ELECTION OF THE CITY.

TO DETERMINE WHO AN ELIGIBLE HOUSEHOLD IS, AND WHAT THE ADJUSTED RESALE PRICE AND AFFORDABLE HOUSING COST ARE, YOU SHOULD CONTACT THE _____ OF THE CITY OF DUBLIN.

YOU SHOULD READ THE RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE RECORDED AGAINST THE PROPERTY. YOU MAY OBTAIN A COPY FROM THE CITY OF DUBLIN OR FROM THE ESCROW COMPANY.

YOU SHOULD ALSO BE AWARE THAT A PERFORMANCE DEED OF TRUST WILL BE RECORDED AGAINST THE PROPERTY TO ENSURE COMPLIANCE WITH THE RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE. YOU MAY OBTAIN A COPY FROM THE CITY OF DUBLIN OR FROM THE ESCROW COMPANY.

I HAVE READ THE FOREGOING AND I UNDERSTAND WHAT IT MEANS.

BUYER

BUYER

EXHIBIT G

FORM: PERFORMANCE DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF DUBLIN,
100 Civic Plaza
Dublin, California 94568
Attn: City Clerk

To be recorded without fee.
(Gov. Code, §§ 6103 and 27383.)

(Space Above This Line For Recorder's Use Only)



**PERFORMANCE DEED OF TRUST
(Option to Cure and Purchase Agreement)**

THERE ARE RESTRICTIONS ON THE SALE OF THE PROPERTY ENCUMBERED BY THIS DEED OF TRUST. EXCEPT FOR A TRANSFER TO THE CITY OF DUBLIN (THE "CITY") OR CITY'S ASSIGNEE FOLLOWING CITY'S EXERCISE OF ITS OPTION TO PURCHASE, THIS PROPERTY MAY ONLY BE SOLD TO AN "ELIGIBLE HOUSEHOLD" AT A PRICE NOT TO EXCEED THE ADJUSTED RESALE PRICE WHICH IS CAPPED AT AN "AFFORDABLE UNIT COST." THE RESALE RESTRICTION AGREEMENT ALSO RESTRICTS THE EXTENT TO WHICH THIS PROPERTY MAY BE ENCUMBERED BY JUNIOR FINANCING AND LIMITS TRUSTOR'S RIGHTS TO REFINANCE EXISTING MORTGAGES.

This PERFORMANCE DEED OF TRUST ("**Deed of Trust**") is made as of _____ ("**Effective Date**") by _____ ("**Trustor**") whose address is _____ Dublin, CA 94568 in favor of _____ ("**Trustee**"), for the benefit of the CITY OF DUBLIN (referred to variously as "**City**" or "**Beneficiary**") whose address is 100 Civic Plaza, Dublin, CA 94568, as Beneficiary.

RECITALS

A. Trustor is the owner of the real property located at _____ Dublin, California and more particularly described in the attached Exhibit A, (the "**Property**").

B. The Trustor's predecessor in interest developed the Property pursuant to the City's Inclusionary Zoning Regulations, which regulations require developers of rental and ownership housing to construct within their projects units that are affordable to very low-, low-, and moderate-income households and which regulations require the Property to be subjected to restrictions on resale that ensure that the Property remains affordable.

EXHIBIT 2

C. In connection with the Inclusionary Zoning Regulations, Beneficiary and Trustor entered into a Resale Restriction Agreement and Option to Purchase dated as of the Effective Date and recorded in the Official Records of Alameda County substantially concurrently herewith (the "**Resale Restriction Agreement**") (capitalized terms used without definition herein have the meaning ascribed to such terms in the Resale Restriction Agreement); and

D. Pursuant to the Resale Restriction Agreement, Trustor is obligated, among other requirements, to sell the Property only to Eligible Purchasers at a price not in excess of the Adjusted Resale Price, which is capped at the Affordable Unit Cost; and

E. The Resale Restriction Agreement also provides (among other provisions) that: (i) Trustor is obligated to notify Beneficiary of Trustor's intent to sell the Property in order to enable Beneficiary to exercise its option to purchase the Property at a restricted price; (ii) Beneficiary has an option to purchase the Property if Trustor defaults under the Resale Restriction Agreement; and (iii) there are restrictions on Trustor's ability to encumber the Property and to refinance the existing loans secured by the Property.

AGREEMENT

NOW, THEREFORE, to secure the full and timely performance by Trustor of the Secured Obligation, it is agreed as follows:

1. Grant in Trust. Trustor, in consideration of the promises herein recited and the trust herein created, hereby irrevocably and unconditionally grants, transfers, conveys and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale, all estate, right title and interest which Trustor now has or may later acquire in and to that certain real property located in the City of Dublin, County of Alameda, State of California, described in the attached Exhibit A and commonly known as: _____, Dublin, California (the "**Property**") together with all of the following:

(i) all improvements now or hereafter located or constructed on the Property and all replacements and additions thereto ("**Improvements**");

(ii) all easements, rights of way, appurtenances and other rights used in connection with the Property or as a means of access thereto ("**Appurtenances**");

(iii) all fixtures now or hereafter attached to or used in and about the Property or the improvements located thereon or hereafter located or constructed on the Property, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the improvements in any manner ("**Fixtures and Equipment**"); and

(iv) all leases, subleases, licenses and other agreements relating to use or occupancy of the Property ("**Leases**") and all rents or other payments which may now or

hereafter accrue or otherwise become payable to or for the benefit of Trustor ("**Rents**") (whether or not such Leases and Rents are permitted by the Resale Restriction Agreement).

All of the above-referenced Property, Improvements, Appurtenance, Fixtures and Equipment, Leases and Rents are herein referred to collectively as the "**Security**".

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and/or performance of the following (the "**Secured Obligations**"): (i) all present and future obligations of Trustor set forth in this Deed of Trust or in the Resale Restriction Agreement (including without limitation, Trustor's obligation to convey the Property only to Eligible Purchasers at no more than the Adjusted Resale Price, which is capped at an Affordable Unit Cost (as such terms are defined in the Resale Restriction Agreement); (ii) all additional present and future obligations of Trustor, to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iii) all modifications, supplements, amendments, renewals, and extensions of any of the foregoing, whether evidenced by new or additional documents; and (iv) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary's interests under this Deed of Trust.

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Except to the extent that the lease or rental of the Property is prohibited by the Resale Restriction Agreement, Beneficiary hereby confers upon Trustor a license to collect and retain such rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary's right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the

power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land and Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of the lessor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and unless due solely to the willful misconduct or gross negligence of Beneficiary, shall not be responsible for any dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property.

4. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Alameda County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC. The full name of Trustor and the mailing address of Trustor are set forth in Section 10.2 of this Deed of Trust.

5. Trustor's Representations, Warranties and Covenants.

5.1 Trustor's Estate. Trustor represents and warrants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Security, that other than this Deed of Trust, the Security is encumbered only by: (a) that deed of trust executed by Trustor in connection with a loan made to Trustor by _____ (the "**First Lender**"), securing a promissory note executed by Trustor in favor of the First Lender ("**First Lender Note**"), to assist in the purchase of the Property (the "**First Lender Deed of Trust**") and (b) the Resale Restriction Agreement. Trustor agrees to warrant and defend generally the title to the Security against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring the City's interest in the Security. (As used in this Deed of Trust, the term "First Lender" shall include all successors and assigns of the First Lender.)

5.2 Repayment of Sums Owed under Resale Restriction Agreement. Trustor will promptly pay to the City all sums due under the Resale Restriction Agreement, including all principal and interest.

5.3 Resale Restriction Agreement. Trustor will observe and perform all of the covenants and agreements of the Resale Restriction Agreement.

5.4 First Lender Loan. Trustor will observe and perform all of the covenants and agreements of the First Lender Note, First Lender Deed of Trust, and related First Lender loan documents.

5.5 Charges; Liens. Trustor will pay prior to delinquency, all taxes, assessments and other charges, fines and impositions affecting the Security directly to the payee thereof. Upon request by the City, Trustor will promptly furnish to the City all notices of such amounts due. Trustor shall pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now does or later may encumber or appear to encumber all or part of the Property or any interest in it, whether or not such lien, charge or encumbrance is or would be senior or subordinate to this Deed of Trust. Trustor shall not be required to pay any tax, levy, charge or assessment so long as its validity is being actively contested in good faith and by appropriate actions and/or proceedings which will operate to prevent the enforcement of the lien or forfeiture of the Security or any part thereof.

5.6 Hazard Insurance.

(a) Trustor will keep the Security insured by a standard all risk property insurance policy equal to the replacement value of the Security (adjusted every five (5) years by appraisal, if requested by the City). If the Security is located in a flood plain, Trustor shall also obtain flood insurance. In no event shall the amount of insurance be less than the amount necessary to prevent Trustor from becoming a co-insurer under the terms of the policy.

The insurance carrier providing this insurance shall be licensed to do business in the State of California and be chosen by Trustor subject to approval by the City.

All insurance policies and renewals thereof will be in a form acceptable to the City, and will include a standard mortgagee clause with standard lender's endorsement in favor of the holder of the First Lender Note and the City as their interests may appear and in a form acceptable to the City. The City shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Trustor shall promptly furnish to the City, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums. In the event of loss, Trustor will give prompt notice to the insurance carrier and the City or its designated agent. The City, or its designated agent, may make proof of loss if not made promptly by Trustor. The City shall receive thirty (30) days advance notice of cancellation of any insurance policies required under this section.

Unless otherwise permitted by the City in writing, insurance proceeds, subject to the rights of the First Lender, will be applied to restoration or repair of the Security damaged. If permitted by City, and subject to the rights of the First Lender, the insurance proceeds shall be used to repay any amounts due under Section 13 of the Resale Restriction Agreement, with the excess, if any, paid to Trustor. If the Security is abandoned by Trustor, or if Trustor fails to respond to the City, or its designated agent,

within thirty (30) days from the date notice is mailed by either of them to Trustor that the insurance carrier offers to settle a claim for insurance benefits, the City, or its designated agent, is authorized to collect and apply the insurance proceeds at the City's option either to restoration or repair of the Security or to pay amounts due under the Resale Restriction Agreement.

If the Security is acquired by the City, all right, title and interest of Trustor in and to any insurance policy and in and to the proceeds thereof resulting from damage to the Security prior to the sale or acquisition will pass to the City to the extent of the sums secured by this Deed of Trust immediate prior to such sale or acquisition, subject to the rights of the First Lender.

(b) During the course of any rehabilitation of the improvements located on the Property, Trustor shall hire only licensed contractors who maintain the following forms of insurance:

(i) Liability Insurance. Comprehensive general liability insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Property. The limits of such insurance shall be not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage.

(ii) Worker's Compensation Insurance. Worker's compensation insurance covering all persons employed in connection with any work on the Property.

5.7 Preservation and Maintenance of Security. Trustor will keep the Security in good repair and in a neat, clean, and orderly condition and will not commit waste or permit impairment or deterioration of the Security. If there arises a condition in contravention of this Section, and if the Trustor has not cured such condition within thirty (30) days after receiving a City notice of such a condition, then in addition to any other rights available to the City, the City shall have the right (but not the obligation) to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Security to recover its cost of curing.

5.8 Protection of the City's Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust or if any action or proceeding is commenced which materially affects the City's interest in the Security, including, but not limited to, default under the First Lender Deed of Trust, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then the City, at the City's option, without releasing Trustor from any obligation hereunder, may make such appearances, disburse such sums and take such action as it determines necessary to protect the City's interest, including but not limited to, disbursement of reasonable attorneys' fees and entry upon the Security to make repairs. Any amounts disbursed by the City pursuant to this paragraph, with interest thereon, will become an indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and City agree to other terms of payment, such amount will be payable upon

notice from the City to Trustor requesting payment thereof, and will bear interest from the date of disbursement at the lesser of (i) ten percent (10%); or (ii) the highest rate permissible under applicable law. Nothing contained in this paragraph will require the City to incur any expense or take any action hereunder.

5.9 Inspection. The City may make or cause to be made reasonable entries upon and inspections of the Security; provided that the City will give Trustor reasonable notice of inspection.

5.10 Hazardous Substances. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances in, on, under, about, or from the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property when used and disposed of in accordance with Environmental Law.

"Hazardous Substances" means any substance defined as toxic or hazardous substances or hazardous waste or regulated under any Environmental Law, and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

"Environmental Law" means all federal, state or local statutes, ordinances, regulations, orders, decrees and judgments that relate to health, safety or environmental protection including without limitation the regulation of the use, disposal, manufacture, or release of Hazardous Substances.

Trustor shall promptly give City written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

6. Nonliability for Negligence, Loss, or Damage; No Joint Venture. Trustor acknowledges, understands and agrees that the relationship between Trustor and the City is solely that of a borrower and lender, and that the City does not undertake or assume any responsibility for or duty to Trustor to select, review, inspect, supervise, pass judgment on, or inform Trustor of the quality, adequacy or suitability of the Security or any other matter. The City owes no duty of care to protect Trustor against negligent, faulty, inadequate or defective building or construction or any condition of the Security and Trustor agrees that neither Trustor, or Trustor's heirs, successors or assigns shall ever claim, have or assert any right or action against the City for any loss, damage or

other matter arising out of or resulting from any condition of the Security and will hold City harmless from any liability, loss or damage for these things. Nothing contained herein or in Note or the Resale Restriction Agreement shall be deemed to create or construed to create a partnership, joint venture or any relationship other than that of a borrower and lender.

7. Indemnity. Trustor agrees to defend, indemnify, and hold the City of Dublin and its elected and appointed officials, officers, employees, and agents ("**Indemnitees**") harmless from and against all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorneys fees that the Indemnitees may incur as a direct or indirect consequence of:

- (i) Trustor's failure to perform any obligations as and when required by the Resale Restriction Agreement and this Deed of Trust; or
- (ii) the failure at any time of any of Trustor's representations or warranties to be true and correct.

8. Acceleration; Remedies. Upon Trustor's breach of any covenant or agreement of Trustor in Resale Restriction Agreement or this Deed of Trust, including, but not limited to, the covenants to pay, when due, any sums secured by this Deed of Trust, the City, prior to acceleration, will mail by express delivery with delivery receipt, notice to Trustor specifying; (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is received by Trustor as shown on the return receipt, by which such breach is to be cured; and (4) if the breach is curable, that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Security. The notice will also inform Trustor of Trustor's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Trustor to acceleration and sale. If the breach is not cured on or before the date specified in the notice, the City, at the City's option, may:

(a) declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law;

(b) either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any breach hereunder or invalidate any act done in response to such breach and, notwithstanding the continuance in possession of the Security, the City shall be

entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any uncured breach, including the right to exercise the power of sale;

(c) commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(d) deliver to Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale found at California Civil Code Sections 2924 et seq., as amended from time to time; or

(e) exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

The City shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

9. Trustor's Right to Reinstate. Notwithstanding the City's acceleration of the sums secured by this Deed of Trust, Trustor will have the right to have any proceedings begun by the City to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays City all sums which would be then due under this Deed of Trust if there were no acceleration under this Deed of Trust or the Resale Restriction Agreement; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in the Resale Restriction Agreement or this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by City and Trustee in enforcing the covenants and agreements of Trustor contained in the Resale Restriction Agreement or this Deed of Trust, and in enforcing the City's and Trustee's remedies, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as City may reasonably require to assure that the lien of this Deed of Trust, City's interest in the Security and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

10. Deleted.

11. Reconveyance. Upon the expiration of the term of the Resale Restriction Agreement if the Trustor owns and occupies the Property and is not in violation of any provisions of this Deed of Trust or the Resale Restriction Agreement, the City will request Trustee to reconvey the Security and will surrender this Deed of Trust and the Resale Restriction Agreement to Trustee. Trustee will reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

12. Substitute Trustee. The City, at the City's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee will succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

13. Superiority of First Lender Documents. Notwithstanding any provision herein, this Deed of Trust shall not diminish or affect the rights of the First Lender under the First Lender Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Security in compliance with the requirements of Section 25 of the Resale Restriction Agreement.

Notwithstanding any other provision hereof, the provisions of this Deed of Trust shall be subordinate to the lien of the First Lender Deed of Trust and shall not impair the rights of the First Lender, or such lender's assignee or successor in interest, to exercise its remedies under the First Lender Deed of Trust in the event of default under the First Lender Deed of Trust by the Trustor. Such remedies under the First Lender Deed of Trust include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of such First Lender Deed of Trust acquired title to the Property pursuant to a deed or assignment in lieu of foreclosure, this Deed of Trust shall automatically terminate upon such acquisition of title, provided that (i) the City has been given written notice of default under such First Lender Deed of Trust with a sixty (60)-day cure period and (ii) the City shall not have cured or commenced to cure the default within such sixty (60)-day period or commenced to cure and given its firm commitment to complete the cure in form and substance acceptable to the First Lender.

14. Request for Notice. City requests that copies of the notice of default and notice of sale be sent to City at the address set forth in Section 15.5.

15. Miscellaneous.

15.1 Forbearance by the City Not a Waiver. Any forbearance by the City in exercising any right or remedy will not be a waiver of the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by the City will not be a waiver of the City's right to require satisfaction of any obligations secured by this Deed of Trust.

15.2 Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or any other document, or afforded by law or equity, and may be exercised concurrently, independently or successively.

15.3 Successors and Assigns Bound. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the City and Trustor subject to the provisions of this Deed of Trust.

15.4 Joint and Several Liability. If this Deed of Trust is executed by more than one person as Trustor, the obligations of each shall be joint and several.

15.5 Notices. Except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Deed of Trust will be given by certified mail, return receipt requested, express delivery with delivery receipt or personal delivery with delivery receipt, addressed to Trustor at the address shown in the first paragraph of this Deed of Trust or such other address as Trustor may designate by notice to the City as provided herein, and (b) any notice to the City will be given by certified mail, return receipt requested, express delivery with delivery receipt or personal delivery with delivery receipt, to the City of Dublin, 100 Civic Plaza, Dublin, CA 94568 Attn: City Manager, or to such other address as the City may designate by notice to Trustor as provided above. Notice shall be effective as of the date received by City as shown on the return receipt.

15.6 Governing Law. This Deed of Trust shall be governed by the laws of the State of California.

15.7 Severability. In the event that any provision or clause of this Deed of Trust or the Resale Restriction Agreement conflicts with applicable law, such conflict will not affect other provisions of this Deed of Trust or the Resale Restriction Agreement which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Resale Restriction Agreement are declared to be severable.

15.8 Captions. The captions and headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

15.9 Nondiscrimination. Trustor covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Trustor or any person claiming under or through Trustor establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Property. The foregoing covenant shall run with the land.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first written above.

Trustor

Trustor

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____ 20__, before me, the undersigned, a Notary Public, in and for Alameda County, State of California, appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____ 20__, before me, the undersigned, a Notary Public, in and for Alameda County, State of California, appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 1 OF 3
 Please fill out ALL sections or N/A in sections that are not applicable



DEVELOPMENT: _____

ADDRESS OF UNIT TO BE PURCHASED: _____

IN HOUSEHOLD: _____

Buyer #1 Name: _____ **S. S. #:** _____ **D. O. B.:** _____
☐ Mr. ☐ Mrs. ☐ Ms. (Check one)

Current Address: _____
 Street City State Zip

Home Phone: _____ **Other Phone:** _____ **Email:** _____

Buyer #2 Name: _____ **S. S. #:** _____ **D. O. B.:** _____
☐ Mr. ☐ Mrs. ☐ Ms. (Check one)

Current Address: _____
 Street City State Zip

Home Phone: _____ **Other Phone:** _____ **Email:** _____

Additional Buyers/Residents (Name & Age): (Please use additional sheets of paper, if necessary)

1: _____ D. O. B.: _____ 2: _____ D. O. B.: _____
 3: _____ D. O. B.: _____ 4: _____ D. O. B.: _____

Please list ALL Employers. If you need additional space, please attach a separate sheet of paper.

EMPLOYMENT

BUYER #1

BUYER #2

Present Position: _____
Employer: _____
Employer Address: _____
City/State/Zip: _____
Work Phone #: _____
Supervisor Name: _____
Supervisor Phone #: _____
Length of Service: _____

Self-Employed?: _____ Yes _____ No

Annual Salary: \$ _____ **Overtime/Bonus:** \$ _____

ALL Other Income (specify): \$ _____

Alimony/Child Support Recv'd: \$ _____

Duration of Pmts. Remaining: _____

TOTAL ANNUAL INCOME: \$ _____

_____ Yes _____ No

Annual Salary: \$ _____ **Overtime/Bonus:** \$ _____

\$ _____

\$ _____

Duration of Pmts. Remaining: _____

TOTAL ANNUAL INCOME: \$ _____

BUYER #1 PRIOR EMPLOYMENT (IF EMPLOYMENT IS LESS THAN 3 YEARS)

Employer: _____ **Annual Income:** \$ _____ **From:** _____ **To:** _____
Supervisor: _____ **Phone #:** _____

BUYER #2 PRIOR EMPLOYMENT (IF EMPLOYMENT IS LESS THAN 3 YEARS)

Employer: _____ **Annual Income:** \$ _____ **From:** _____ **To:** _____
Supervisor: _____ **Phone #:** _____

EXHIBIT 3



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 2 OF 3
CREDIT INFORMATION



All figures below must be PRIOR to withdrawal of down payment dollars
ALL ASSETS MUST BE LISTED HERE

FINANCIAL INFORMATION (FILL IN ALL AREAS)

Own or Rent at present address: _____ Own _____ Rent _____ Number of Years: _____ Property Value: \$ _____

Name of Present Landlord or Mortgage Holder: _____ Phone #: _____

Mortgage Balance: \$ _____ Equity: \$ _____ Current Mortgage Payment: \$ _____

Second Mortgage/Home Equity Loan

Maximum Balance: \$ _____ Current Balance: \$ _____ Equity: \$ _____

Disposition of Property: _____ Rented _____ To be rented _____ Sold _____ To be sold _____

Investment properties owned: # _____ Gross rental income: \$ _____

LIST OWNERSHIP AND VALUE OF ANY OTHER PROPERTY, HERE OR IN ANOTHER STATE OR COUNTRY, FULLY OR PARTIALLY OWNED.

Property: _____ Value: \$ _____

Property: _____ Value: \$ _____

Property: _____ Value: \$ _____

OTHER ASSETS

If you need additional space, please attach a separate sheet of paper.

Money Market Fund: Bank: _____ Balance: \$ _____

Savings Account: Bank: _____ Balance: \$ _____

Savings Account #2: Bank: _____ Balance: \$ _____

Checking Account: Bank: _____ Balance: \$ _____

Checking Account #2: Bank: _____ Balance: \$ _____

Bonds: \$ _____ Stock: \$ _____ Other: \$ _____

Other Assets not Listed Above: _____ \$ _____

AUTOMOBILES

Auto #1	Balance	Monthly
Make/Model/Year Car: _____	Owed: \$ _____	Payment: \$ _____

Auto #2	Balance	Monthly
Make/Model/Year Car: _____	Owed: \$ _____	Payment: \$ _____

OUTSTANDING LOANS AND LIABILITIES, OTHER THAN CAR & 1ST MORTGAGE (OVER A \$100.00 BALANCE)

Payee: _____	Present	Monthly
	Balance: \$ _____	Payment: \$ _____

Payee: _____	Present	Monthly
	Balance: \$ _____	Payment: \$ _____

Payee: _____	Present	Monthly
	Balance: \$ _____	Payment: \$ _____

Alimony & Child Support: _____ Monthly Pmt.: \$ _____

TO BE COMPLETED BY BUYERS #1 & 2

Has anything interrupted your ability to make timely repayments of financial obligation over the last 7 years? If yes, please explain below.

Buyer #1: _____ Yes _____ No

Buyer #2: _____ Yes _____ No

Duration of Pmts. Remaining: _____

Duration of Pmts. Remaining: _____

Comments: _____

Comments: _____



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 3 OF 3
PREFERENCE POINT INFORMATION (IF APPLICABLE)



TO ASSIST US WITH THE PROCESS, PLEASE CHECK THE STATEMENT BELOW THAT APPLIES TO AT LEAST ONE ADULT THAT WILL OWN THE HOME.

YES NO

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Are you over 62 years of age? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are you permanently disabled? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you currently work in Dublin and have, continuously for the past 6 months? |
| <input type="checkbox"/> | <input type="checkbox"/> | If so, are you a Public Service Employee (includes teachers) working in Dublin? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you currently live in Dublin and have, continuously, for the past year or longer? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have an immediate family member who is a Dublin resident & has been, continuously, for the past year? |
| <input type="checkbox"/> | <input type="checkbox"/> | Must you move because your current housing is being demolished or converted to a condo? |

WE HEREBY CERTIFY THAT THE INFORMATION ON THIS APPLICATION FOR INCLUSIONARY UNIT SIGNED BY US IS TRUE AND CORRECT; WE HAVE NOT OMITTED ANY ASSETS, IMPORTANT CREDIT INFORMATION AND/OR INFORMATION REGARDING CURRENT AND/OR CLOSED ACCOUNTS, LIENS, AND/OR COURT-ORDERED OBLIGATIONS. WE UNDERSTAND THAT THE SELLER WILL RELY UPON THIS QUALIFICATION QUESTIONNAIRE IN SELLING US A BMR HOME AND WE AUTHORIZE THE SELLER OR SELLER'S AFFILIATE TO ORDER A CREDIT REPORT(S) TO DETERMINE OUR CURRENT CREDIT WORTHINESS. WE UNDERSTAND THIS INFORMATION MAY BE VERIFIED BY THE CITY OF DUBLIN IN QUALIFYING US AS THE BUYER OF A BELOW MARKET RATE HOME.

Date: _____

Buyer #1 Signature: _____

Date: _____

Buyer #2 Signature: _____

DEVELOPMENT NAME
INCLUSIONARY UNIT APPLICATION PACKAGE
APPLICATION PERIOD EFFECTIVE:
MONTH DAY, YEAR – MONTH DAY, YEAR

DEVELOPER LOGO HERE

In this package are the Application and useful information that will answer some Frequently Asked Questions regarding the purchase of an Inclusionary Home at **Developer's Development** in Dublin, CA.

Questions???

Call or Fax

Contact Name, Title

Company

123 Main Street, Suite A

Dublin, CA 94568

Phone: 123-555-1234

Fax: 123-555-5678

AFFORDABLE OWNERSHIP OPPORTUNITY
APPLICATION AND INFORMATION PACKET
EFFECTIVE JULY 1, 2008

APPLICATIONS WILL BE PROCESSED ON A FIRST-COME, FIRST-SERVE BASIS

Developer is offering below market rate (BMR) homes to eligible **moderate**-income Applicants. The price of the home will be based on the income of each accepted Applicant.

To qualify for a BMR home you must submit **Items A - E**:

- | | |
|--|------------------|
| A. Disclaimer for BMR Application Qualification Questionnaire | (page 3) |
| B. Credit Authorization and Release | (page 4) |
| C. Application for Inclusionary Unit | (page 5) |
| D. Signed Sample Resale Disclosure Statement | (page 14) |
| E. Required Supporting Documentation Submitted | (page 15) |
| F. Highlights of Dublin Resale Restriction Agreement | (page 16) |

Homes will be available to eligible purchasers with qualified financing and selected by **Developer**.

Mail or deliver your completed Application to:

Developer
Attn:
123 Main Street, Suite A
Dublin, CA 94568
Phone: 123-555-1234

**A HOUSEHOLD MAY SUBMIT ONLY ONE APPLICATION PACKAGE. THE
SUBMITTAL OF MORE THAN ONE APPLICATION PACKAGE WILL
RESULT IN DISQUALIFICATION FROM SELECTION.**

DISCLAIMER FOR BMR APPLICATION FOR INCLUSIONARY UNIT

As part of the review process, Applicant(s) will be contacted directly to provide verification of their residence and employment history; and evidence supporting any or all of the status items checked above.

The undersigned acknowledge that reasonable efforts may be made to verify employment, residence and other information provided in the application, including, without limitation, contacting the Applicant's employers or other sources of income to confirm the income information provided.

The undersigned hereby acknowledge that they have read the enclosed information and understand that neither acceptance as a participant in the application process, nor the receipt of any particular application number, constitutes a guarantee that the undersigned will be able to purchase a home at **Development**.

The undersigned hereby represent and warrant that the information provided in this application is true, complete and correct, and the undersigned fully understand that to knowingly make a false or misleading statement or to knowingly fail to disclose material information in or concerning this application, will result in the City's denial of this application, the Applicant's disqualification from eligibility for the program, and the possibility of an action for fraud.

The undersigned acknowledge that the Seller and the City will rely upon this application in evaluating their eligibility for the purchase of a BMR home, and the undersigned authorizes the Seller, the Seller's affiliate, and/or the City of Dublin to order credit report(s) to evaluate their current credit worthiness and to verify the Information requested in the application.

APPLICANT(S)

Print Name

Print Name

SSN

SSN

Signature

Signature

Date

Date

CREDIT REPORT AUTHORIZATION AND RELEASE

The Applicant(s) identified below hereby authorize the City of Dublin (the "City") to obtain from any credit reporting agency selected by the City, a standard credit report and such financial and other information the City considers appropriate to evaluate the undersigned's application for participation in the City's home purchase and/or home financing programs (the "Programs").

The undersigned also:

(i) authorize the City to release to credit reporting agencies a copy of the undersigned's application, including financial information, income, assets, liabilities, employment, and other information that the Applicant(s) have provided to the City in connection with their application to participate in the Programs.

(ii) authorize the City and credit reporting agencies to verify information contained in the undersigned's application to the City and in other documents provided in connection with the undersigned's application to participate in the Programs, and to verify and obtain such information necessary to complete the Applicant's credit report, including without limitation, verification of past and present employment, earnings, rents, mortgages, savings, and other bank accounts; income tax returns, stock holdings and other assets; and liabilities, including without limitation, mortgages, auto loans, personal loans, credit cards, and lines of credit as the City deems necessary to process the undersigned's application.

The Applicant(s) agree that a photocopy of this form will also serve as authorization, and that the City may undertake the actions hereby authorized both prior to providing approval for participation in the Programs and as part of subsequent eligibility and compliance monitoring.

The Applicant(s) ____ do ____ do not authorize the City to share with potential mortgage lenders and/or home loan counseling agencies the information provided in connection with the undersigned's application for participation in the Programs and the credit report that the City obtains in connection therewith. Such lenders and counseling agencies may contact the undersigned to discuss home loans and counseling services for which the undersigned may be eligible. This consent to disclosure may be revoked by delivery of written notice to the City.

APPLICANT(S)

Print Name

Print Name

SSN

SSN

Signature

Signature

Date

Date



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 1 OF 3
Please fill out ALL sections or N/A in sections that are not applicable



DEVELOPMENT: _____

ADDRESS OF UNIT TO BE PURCHASED: _____

IN HOUSEHOLD: _____

Buyer #1 Name: _____ **S. S. #:** _____ **D. O. B.:** _____
☐ Mr. ☐ Mrs. ☐ Ms. (Check one)

Current Address: _____
Street City State Zip

Home Phone: _____ **Other Phone:** _____ **Email:** _____

Buyer #2 Name: _____ **S. S. #:** _____ **D. O. B.:** _____
☐ Mr. ☐ Mrs. ☐ Ms. (Check one)

Current Address: _____
Street City State Zip

Home Phone: _____ **Other Phone:** _____ **Email:** _____

Additional Buyers/Residents (Name & Age): (Please use additional sheets of paper, if necessary)

1: _____ D. O. B.: _____ 2: _____ D. O. B.: _____
3: _____ D. O. B.: _____ 4: _____ D. O. B.: _____

Please list ALL Employers. If you need additional space, please attach a separate sheet of paper.

EMPLOYMENT

BUYER #1

BUYER #2

Present Position: _____

Employer: _____

Employer Address: _____

City/State/Zip: _____

Work Phone #: _____

Supervisor Name: _____

Supervisor Phone #: _____

Length of Service: _____

Self-Employed?: _____ Yes _____ No

_____ Yes _____ No

Annual Salary: \$ _____ **Overtime/Bonus:** \$ _____

Annual Salary: \$ _____ **Overtime/Bonus:** \$ _____

ALL Other Income (specify): \$ _____

\$ _____

Alimony/Child Support Recv'd: \$ _____

\$ _____

Duration of Pmts. Remaining: _____

Duration of Pmts. Remaining: _____

TOTAL ANNUAL INCOME: \$ _____

TOTAL ANNUAL INCOME: \$ _____

BUYER #1 PRIOR EMPLOYMENT (IF EMPLOYMENT IS LESS THAN 3 YEARS)

Employer: _____ **Annual Income:** \$ _____ **From:** _____ **To:** _____

Supervisor: _____ **Phone #:** _____

BUYER #2 PRIOR EMPLOYMENT (IF EMPLOYMENT IS LESS THAN 3 YEARS)

Employer: _____ **Annual Income:** \$ _____ **From:** _____ **To:** _____

Supervisor: _____ **Phone #:** _____



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 2 OF 3
CREDIT INFORMATION



All figures below must be **PRIOR** to withdrawal of down payment dollars
ALL ASSETS MUST BE LISTED HERE

FINANCIAL INFORMATION (FILL IN ALL AREAS)

Own or Rent at present address: _____ Own _____ Rent _____ Number of Years: _____ Property Value: \$ _____

Name of Present Landlord or Mortgage Holder: _____ Phone #: _____

Mortgage Balance: \$ _____ Equity: \$ _____ Current Mortgage Payment: \$ _____

Second Mortgage/Home Equity Loan

Maximum Balance: \$ _____ Current Balance: \$ _____ Equity: \$ _____

Disposition of Property: _____ Rented _____ To be rented _____ Sold _____ To be sold _____

Investment properties owned: # _____ Gross rental income: \$ _____

LIST OWNERSHIP AND VALUE OF ANY OTHER PROPERTY, HERE OR IN ANOTHER STATE OR COUNTRY, FULLY OR PARTIALLY OWNED.

Property: _____ Value: \$ _____

Property: _____ Value: \$ _____

Property: _____ Value: \$ _____

OTHER ASSETS

If you need additional space, please attach a separate sheet of paper.

Money Market Fund: Bank: _____ Balance: \$ _____

Savings Account: Bank: _____ Balance: \$ _____

Savings Account #2: Bank: _____ Balance: \$ _____

Checking Account: Bank: _____ Balance: \$ _____

Checking Account #2: Bank: _____ Balance: \$ _____

Bonds: \$ _____ Stock: \$ _____ Other: \$ _____

Other Assets not Listed Above: _____ \$ _____

AUTOMOBILES

Auto #1	Balance	Monthly
Make/Model/Year Car: _____	Owed: \$ _____	Payment: \$ _____
Auto #2	Balance	Monthly
Make/Model/Year Car: _____	Owed: \$ _____	Payment: \$ _____

OUTSTANDING LOANS AND LIABILITIES, OTHER THAN CAR & 1ST MORTGAGE (OVER A \$100.00 BALANCE)

Payee: _____	Present Balance: \$ _____	Monthly Payment: \$ _____
Payee: _____	Present Balance: \$ _____	Monthly Payment: \$ _____
Payee: _____	Present Balance: \$ _____	Monthly Payment: \$ _____

Alimony & Child Support: _____ Monthly Pmt.: \$ _____

TO BE COMPLETED BY BUYERS #1 & 2

Has anything interrupted your ability to make timely repayments of financial obligation over the last 7 years? If yes, please explain below.

Buyer #1: _____ Yes _____ No _____	Buyer #2: _____ Yes _____ No _____
Duration of Pmts. Remaining: _____	Duration of Pmts. Remaining: _____
Comments: _____	Comments: _____



CITY OF DUBLIN
APPLICATION FOR INCLUSIONARY UNIT: PAGE 3 OF 3
PREFERENCE POINT INFORMATION (IF APPLICABLE)



TO ASSIST US WITH THE PROCESS, PLEASE CHECK THE STATEMENT BELOW THAT APPLIES TO AT LEAST ONE ADULT THAT WILL OWN THE HOME.

YES NO

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Are you over 62 years of age? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are you permanently disabled? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you currently work in Dublin and have, continuously for the past 6 months? |
| <input type="checkbox"/> | <input type="checkbox"/> | If so, are you a Public Service Employee (includes teachers) working in Dublin? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you currently live in Dublin and have, continuously, for the past year or longer? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have an immediate family member who is a Dublin resident & has been, continuously, for the past year? |
| <input type="checkbox"/> | <input type="checkbox"/> | Must you move because your current housing is being demolished or converted to a condo? |

WE HEREBY CERTIFY THAT THE INFORMATION ON THIS APPLICATION FOR INCLUSIONARY UNIT SIGNED BY US IS TRUE AND CORRECT; WE HAVE NOT OMITTED ANY ASSETS, IMPORTANT CREDIT INFORMATION AND/OR INFORMATION REGARDING CURRENT AND/OR CLOSED ACCOUNTS, LIENS, AND/OR COURT-ORDERED OBLIGATIONS. WE UNDERSTAND THAT THE SELLER WILL RELY UPON THIS QUALIFICATION QUESTIONNAIRE IN SELLING US A BMR HOME AND WE AUTHORIZE THE SELLER OR SELLER'S AFFILIATE TO ORDER A CREDIT REPORT(S) TO DETERMINE OUR CURRENT CREDIT WORTHINESS. WE UNDERSTAND THIS INFORMATION MAY BE VERIFIED BY THE CITY OF DUBLIN IN QUALIFYING US AS THE BUYER OF A BELOW MARKET RATE HOME.

Date: _____

Buyer #1 Signature: _____

Date: _____

Buyer #2 Signature: _____

CITY OF DUBLIN INCLUSIONARY UNIT PROGRAM

DEVELOPMENT

Frequently Asked Questions for BMR Applicants Regarding the Occupant Selection

1.) What is a required Household?

- All members of the household are either:
 - a. persons who will hold title to the BMR Unit, appear on the mortgage, and have executed a Resale Restriction Agreement and Performance Deed of Trust for the unit; or
 - b. persons who are claimed as a dependent on the tax returns of a household member who satisfies the requirements in subsection (a) above;
- All members of the household must meet the definition of a qualified homebuyer. A qualified household is defined in terms of financial relationships and can include any group of persons, so long as such persons, when viewed as a whole, satisfy the eligibility requirements for a household.

2.) What is the required Household Size?

The size of the household is determined by the number of people living in a household at the time of application. In the case of a pregnant person, the baby may not be included as a member of the household until the baby is born.

To qualify for a BMR Unit, the size of a household must be compatible with the size of the unit being purchased.

The household size for each BMR Unit may not exceed two people for each bedroom and may not be less than one person per bedroom, unless otherwise permitted by special financing sources. The chart below contains the household size permitted for each BMR Unit based on the number of bedrooms:

Studio	1 – 2 person households
One-bedroom units	1 – 2 person households
Two-bedroom units	2 – 4 person households
Three-bedroom units	3 – 6 person households
Four-bedroom units	4 – 8 person households

3.) What is the required Income?

The 2008 Official State Income Limits for Alameda County are established by the Department of Housing and Community Development. **Development** is accepting applications for **MODERATE INCOME** households.

<u>INCOME CATEGORY</u>	<u>NUMBER OF PERSONS IN HOUSEHOLD</u>							
	1	2	3	4	5	6	7	8
<i>Extremely Low</i>	\$18,100	\$20,700	\$23,250	\$25,850	\$27,900	\$30,000	\$32,050	\$34,100
<i>Very Low</i>	\$30,150	\$34,450	\$38,750	\$43,050	\$46,500	\$49,950	\$53,400	\$56,850
<i>Low</i>	\$46,350	\$53,000	\$59,600	\$66,250	\$71,550	\$76,850	\$82,150	\$87,450
<i>Median</i>	\$60,300	\$68,900	\$77,500	\$86,100	\$93,000	\$99,900	\$106,800	\$113,700
<i>Moderate</i>	\$72,300	\$82,600	\$93,000	\$103,300	\$111,600	\$119,800	\$128,100	\$136,400

**Based on the Alameda County Income Limits for 2008. <http://www.hcd.ca.gov>*

4.) What is the required Credit Score to apply?

For ownership BMR Units, a credit check will be conducted on all adults (other than dependents) in the household. Applicant(s) must have sufficient creditworthiness to qualify. Creditworthiness means that:

- i) All household individuals shall not have a minimum of three years since Chapters 7 or 13 bankruptcy discharge date and/or foreclosure and evidence of reestablished credit is required; and
- ii) All persons appearing on the mortgage shall have a minimum FICO credit rating of 620 points from all three credit agencies. The representative credit score is the middle score of the three sets of repository scores reported for each household member. If more than one eligible Applicant is applying, all middle scores will be considered and the lowest of the middle scores shall be the score used in qualifying the household (must be 620 or higher).

Figure 9 shows an example of how to calculate a representative credit score:

<i>Figure 9</i>			
	Lowest Credit Score	Middle Credit Score	Highest Credit Score
Borrower	678	706	709
Co-Borrower	690	697	703
Lowest Middle Credit Score of Borrowers		697	

Alternative Credit History Parameters

Alternative Credit History is permitted with a minimum of four sourced and twelve-month satisfactory payment record. One of the sources must be a twelve-month verification of rent (VOR) history.

5.) What are acceptable Home Loan Products for BMR Units?

The following is a non-exclusive list of the loan products, credit scores and payment reserves that are acceptable to the City. The list is not intended to be exhaustive and other loan products may be evaluated upon request.

The City reserves the right to reject certain mortgage products because of the stronger likelihood that some products could result in loss of the Inclusionary Unit due to a foreclosure.

97% OR LESS LOAN TO VALUE

The following standards shall apply to 97% or less loan to value loans used to purchase Inclusionary Units.

Credit Scores and Reserves

- A credit score of 620 is required for each mortgagee. The City will verify the credit scores through a tri-merge credit report.

Unacceptable First Mortgages Features

- Stated Income
- Negative Amortization
- Balloon Payment
- Excessive Points & Fees

- Interest Only Payment Period for More Than 10 Years

6.) What is the definition of a Homebuyer?

A person who has not owned any interest in real property during the three-year period prior to the date of the household's application to qualify for purchase of a BMR Unit, including without limitation, real property in which a household member's name appears on title regardless of whether the member's interest in such property results in a financial gain, such property is located in another state or country, or the member has occupied such property as his or her primary residence. If any person has had his or her name on title of a property, but the property was sold more than three years ago from the date of application, the person is considered a Homebuyer.

7.) What are the Down Payment requirements?

- Applicants must provide a minimum down payment equal to three percent (3%) of the purchase price from their own funds.
- Funds must be seasoned (on deposit in a financial institution) for a minimum of three months prior to the initial date of the application with documentation showing these funds are available for use as down payment.
- Funds must be placed into escrow prior to close of escrow and proof of availability of funds must be given to the City before close of escrow.

DOWN PAYMENT ASSISTANCE

The City reserves the right to reject down payment assistance products if the City believes in its sole discretion that there is a stronger likelihood that the down payment assistance product would potentially result in loss of the BMR Unit due to the purchasers' inability to comply with the terms of the assistance.

8.) How are Priority Points used in the selection of a household for a BMR Unit?

After being screened for initial eligibility based on household income and household size, Applicant households shall be ranked and sorted based on the number of points the Applicants receives under the priorities set forth in the Regulations at Section 8.68.050D. The point system set out in the regulations provides preference to those who live in Dublin, work in Dublin, are public-service employees in Dublin, are seniors, and are permanently disabled.

If you are applying for Priority Points, please include the appropriate documentation (see pages 8-9 for details).

PRIORITY	POINTS
Employed in Dublin	3 points
Public service employee in Dublin	1 point
Resides in Dublin	3 points
Seniors (62 and over)	1 point
Permanently disabled	1 point
Have an immediate family member who is a Dublin resident and has continuously lived in Dublin the past year	1 point
Housing lost due to Conversion or Demolition in Dublin	1 point

9.) If selected for a BMR, how is it determined which unit I will receive?

The Developer will select the unit for purchase.

10.) What does a Gross Household Income include?

Gross Household Income means all income from all adult household members (18 years of age and older) derived from all sources as provided in the Internal Revenue Code (Title 26, Subtitle A, Chapter 1, Subchapter B, Part I, Section 61), whether or not such income is exempt from Federal income tax. Such income includes, but is not limited to, the following:

- Compensation received from an employer
- Alimony, spousal and child support
- Cash
- Pensions, if at an age where pension is being received as income
- Public benefits including, but not limited to, CalWorks, SSI, and disability income
- All interest, dividends, and royalties
- Income derived from private businesses
- Rental Income
- Income from pensions
- Compensation for services rendered including fees, fringe benefits, commissions, tips, and bonuses
- Stipend received for participation in a mentor, learning or education opportunity
- Gains from dealings in private and/or commercial property
- Gambling Winnings
- Annuities, life insurance, and endowment contracts
- Income from discharge of indebtedness
- Gross partnership contributions or distributions
- Income from an interest in an estate or trust

EXCEPTIONS:

- 1) Gross Household Income does not include income household earned by a household member who is between the ages of 18-26 and meets **both** of the following criteria:
 - Is claimed as a dependent of a household member on such member's federal income taxes; and
 - Is a full time student (12+ units - school transcript must be provided)
- 2) Gross Household Income does not include payments to a household member from a governmental fund Income if all of the following requirements are satisfied:
 - The payments are based on the recipient's or the recipient's family's financial need;
 - The payments do not represent compensation for services rendered; and
 - The payments are part of a governmental housing subsidy program including, but not limited to, so-called Section 8 federal housing assistance payments

ASSET TEST FOR BMR BUYERS

An asset test will be applied to all Applicants to determine whether they satisfy the income requirements.

The maximum assets allowed are \$250,000. Households with assets in excess of \$250,000 will be disqualified. Assets include, but are not limited to, cash, all savings and checking accounts, stocks, bonds, real estate, gifts and other sources of money. Pensions and federally approved retirement savings accounts, such as IRA's, Roth IRA's and 401K's, are excluded; however, retired Applicants who receive income from their retirement account must include

such income as Gross Household Income on their application. Please refer to the Guideline to the Inclusionary Zoning Ordinance Regulations for Asset Test Calculations.

Any and all rental income is included as income.

12.) What are Preference Points?

Qualified Applicants will be ranked according to the preferences listed in the City of Dublin Inclusionary Zoning Ordinance. Preferences do not affect Applicant's eligibility; it only determines the ranking by which Applicants will be selected.

Claiming any of these preferences in the "Application for Inclusionary Unit" will require verification by Applicant by submitting the appropriate materials listed below.

Below are the point preferences specified by the ordinance and examples of the required documents for verification:

Dublin Resident for over one (1) year

3 Points

Submit one of the following:

- A copy of two utility bills (PG&E or water), one from at least one year ago and the most recent utility bill, both showing the Applicant with a Dublin address.
- A copy of a current apartment or house lease for a residence in Dublin, indicating when you moved into the apartment or house, and proof that you are still residing there.

Employed in Dublin for at least 6 months

3 Points

Submit one of the following:

- A copy of both the first and most recent paycheck stubs establishing length of employment.
- An original letter from your employer, on company letterhead, indicating continuous employment for the last six months.
- W-2 for the last two years.
- If you are a newly hired teacher working in Dublin, please submit a copy of your employment contract, to waive the 6-month employment requirement.

Public service employee working in Dublin

1 Point

In addition to the documents in "Employed in Dublin" section, please submit:

- A letter from your employer indicating your job title and a telephone contact of an individual who would be authorized to verify your job title.
- Newly hired teachers in Dublin can submit their employment contract.

Senior Applicant, 62 years of age and older

1 Point

Submit a copy of a photo identification indicating birth date. You may use:

- A valid California (or other state with photo ID) drivers license.
- A valid California (or other state with photo ID) identification card.
- A valid Passport or other valid and official photo identification documents in English.

Permanently Disabled

1 Point

Submit one of the following documents:

- A note from your doctor confirming that one adult Applicant is permanently disabled.
- Other verification from a State Agency establishing permanent disability status.
- Verification of receipt of SSI.

Immediate Family member of Dublin resident

1 Point

Immediate family member (mother, father, child, brother, sister, grandparent, grand child) list residency and relationship verification method:

- A copy of two utility bills (PG&E or water), one from at least one year ago and the most recent utility bill, both showing the Applicant with a Dublin address.
- A copy of a current apartment or house lease for a residence in Dublin, indicating when family member moved into the apartment or house, and proof that family member is still residing there.
- Birth certificates or other verification of relationship status.

Housing Lost to Conversion or Demolition in Dublin

1 Point

- Condominium conversion public report and proof of residence.
- Eviction notice from Property Management firm advising of condominium conversion or demolition of property.

SAMPLE RESALE RESTRICTION DISCLOSURE

EXHIBIT F **DISCLOSURE STATEMENT**

There are restrictions on the sale of the property you are buying. Except for a transfer to the City following City's exercise of its Option to Purchase, this property may only be sold to an "eligible household" at a price not to exceed the adjusted resale price which is capped at an "affordable unit cost."

This means that you may not sell the property for market value to whomever you like.

These restrictions will be in effect until *_____ (*this date will be filled in on the original Restriction Agreement. It will be either, 30 or 55 years, or perpetuity from the date of first sale of the unit, depending on the development).

Any sale of the property in violation of the restrictions shall be voidable at the election of the City.

To determine who an eligible household is and what the adjusted resale price and affordable housing costs are, you should contact the Housing Division of the City of Dublin.

You should read the Resale Restriction Agreement and Option to Purchase recorded against the property. You may obtain a copy from the City of Dublin or from the escrow company.

You should also be aware that a Performance Deed of Trust will be recorded against the property to ensure compliance with the Resale Restriction Agreement and Option to Purchase. You may obtain a copy from the City of Dublin or from the escrow company.

I have read the foregoing and I understand what it means.

Buyer Signature

Co-Buyer Signature

Please sign this disclosure and include it in your application packet. If you are chosen to purchase a home, you will be required to sign it again. This sample disclosure is not binding.

ADDITIONAL REQUIRED SUPPORTING DOCUMENTATION

A. Proof of legal Citizenship or Residency:

- ♦ CA Drivers License (required)
- ♦ Social Security Card (required)
**Contact Social Security at (800) 772-1213 if you cannot locate.*
- ♦ Green Card (if applicable)
- ♦ Passport with I55-I Stamp (if applicable)
- ♦ INS Form I-94 (if applicable)

B. Last (Most Recent) Four (4) Pay Stubs*

- ♦ Contact your Human Resources department if you cannot locate.
- ♦ If self-employed, a year-to-date Profit & Loss statement is required.

C. Two (2) months of documentation for any Other Income:

- ♦ Child Support
- ♦ Social Security
- ♦ SSI
- ♦ Foster Care
- ♦ Pension
- ♦ Alimony
- ♦ Long Term Disability

D. Last Three (3) years of Taxes*

- ♦ Federal Taxes (include ALL pages)
**Contact the IRS at (800) 829-1040 if you cannot locate.*
**If you did not file for any of the three (3) years, contact the IRS at (800) 829-1040 & request a "Verification of Non-Filing."*

E. Last Three (3) years of W-2's

- ♦ Contact your Human Resources department if you cannot locate.
- ♦ You may also contact the IRS at (800) 829-1040, fee may apply.

F. Last Three (3) consecutive statements from ALL Financial Accounts*

- ♦ Bank Statements
- ♦ Retirement accounts (401k, IRA, etc.)
- ♦ Stocks, Mutual Funds, Profit Sharing, etc.
- ♦ CD, Money Market, etc.
**Computer printouts are acceptable ONLY if they are in PDF format.*
**Include all OPEN accounts, even if they contain a \$0 balance.*

G. Proof of Military Service (if applicable)

H. Proof of Student Status (if applicable)

- ♦ Registration
- ♦ Unofficial Transcript (computer printout is acceptable)

I. Two (2) years of Employment History

J. Two (2) years of Rental History

K. If you have chosen your own lender, written confirmation of pre-approval for the loan which must be validated through Developer's preferred lender.

HIGHLIGHTS OF DUBLIN RESALE RESTRICTION AGREEMENT

Buyer must enter into a Resale Restriction Agreement and a Performance Deed of Trust with the City of Dublin which establishes, in part, residency requirements, home maintenance standards and restricts the resale price and process, as well as refinancing options, for the resale of the home for a set period of time.

The following list highlights some of the restrictions in the Resale Restriction Agreement. This list is not intended to be exhaustive.

Principal Residence Requirement

The unit must be owner-occupied and shall not be used as an investment or rental property. BMR Owners are required to occupy the BMR Unit as their Principal Residence. BMR Owners are prohibited from renting their unit without prior written approval from the City. The owner of an ownership BMR Unit may rent his or her unit for a period not to exceed twelve (12) months upon demonstration of hardship, as determined in the sole and absolute discretion of the City Manager, and written approval from the City of Dublin. "Hardship" means circumstances in which a BMR Owner is required to be absent from the unit for an extended period of time due to either a change in the location of his or her employment or health problems of the BMR Owner or an Immediate Family Member of the BMR Owner. Once the BMR Owner obtains written approval from the City to rent his or her BMR Unit, the BMR Owner shall select a Qualified Household to rent the unit. The monthly rental payment for the BMR Unit shall be calculated by the City at the time of City approval.

The BMR Owner shall not execute a rental agreement for the BMR Unit without first obtaining the City's approval of such agreement. The rental agreement shall clearly state (1) the term of the rental (not to exceed the twelve month period rental is permitted pursuant to these Guidelines), (2) the monthly rental payment, and (3) that the rental is for a limited period of time.

Any rental agreement in violation of these Guidelines is prohibited, and any BMR Owner who violates these Guidelines shall be deemed to be in default under his or her Resale Restriction Agreement.

Resale of BMR Unit

The City of Dublin is not responsible for locating or providing qualified buyers for BMR units; however, all potential buyers must be qualified by the City before the sale can proceed. BMR owners may only sell their units to a Qualified Household or to the City for a restricted price calculated by the City of Dublin. A BMR owner must follow strict requirements set by the City. Contact the Housing Division for more information. The City has the right of first refusal.

Appreciation Share

Upon the first sale of the BMR Unit after the end of the term of the Resale Restriction Agreement, the owner must pay to the City an amount equal to 25% of the difference between the actual sale price and the adjusted resale price calculated pursuant to the formula set forth in the Resale Restriction Agreement, or contact the City for assistance in calculation. For example, if a unit is originally purchased for \$200,000 (actual sale price) and at the end of 55 years sells for \$500,000 (adjusted resale price), the equity of the unit is \$300,000. The amount owed to the City would be 25% of the \$300,000 or \$75,000.

City's Option to Purchase

The City has the option to purchase a BMR Owner's unit upon the occurrence of certain events, including, but not limited to, the sale of the BMR Unit, bankruptcy of the BMR Owner, and

foreclosure. A BMR Owner must notify the City when he or she desires to sell his or her BMR Unit by submitting a Notice of Intent to Transfer (Exhibit B to the Resale Restriction Agreement) to the City. If the City decides not to purchase the unit, the City will send the BMR Owner a letter, along with a packet of information that will assist the BMR Owner in finding another Qualified Household to purchase the unit.

Refinancing BMR Units and Taking Cash Out

In general, BMR Owners may refinance their units only to take advantage of a new loan that benefits the BMR Owner financially (e.g. a lower interest rate with lower monthly payments). BMR Owners must contact the City in writing for prior written approval of all refinancing. Taking cash out of the unit is not allowed unless the cash is going to be used for Approved Capital Improvements as determined by the City of Dublin.

Annual Survey/Monitoring

Each year, the City of Dublin will monitor and require occupancy certification for all BMR Units. An annual survey will be mailed to the owner(s) of each BMR Unit, usually around the anniversary date of the purchase of the unit. Each owner must complete and return the survey along with qualifying documentation. Failure to return the survey and documentation could place the owner(s) in default of the Resale Restriction Agreement. In addition, pursuant to the Consent Agreement, the City may access and review the BMR Owner's credit reports or other financial or personal information to verify the BMR Owner's compliance with the Resale Restriction Agreement and these Guidelines.

Additional City of Dublin Resources:

City of Dublin Layperson's Guide to the Inclusionary Zoning Ordinance Regulations:
<http://www.ci.dublin.ca.us/pdf/InclusionaryGuidelines1.pdf>

City of Dublin First Time Homebuyer Loan Program:
<http://www.ci.dublin.ca.us/pdf/FirstTimeHomebuyerLoanApplicationpacket.pdf>

CREDIT REPORT AUTHORIZATION AND RELEASE

The Applicant(s) identified below hereby authorize the City of Dublin (the "City") to obtain from any credit reporting agency selected by the City, a standard credit report and such financial and other information the City considers appropriate to evaluate the undersigned's application for participation in the City's home purchase and/or home financing programs (the "Programs").

The undersigned also:

(i) authorize the City to release to credit reporting agencies a copy of the undersigned's application, including financial information, income, assets, liabilities, employment, and other information that the Applicant(s) have provided to the City in connection with their application to participate in the Programs.

(ii) authorize the City and credit reporting agencies to verify information contained in the undersigned's application to the City and in other documents provided in connection with the undersigned's application to participate in the Programs, and to verify and obtain such information necessary to complete the Applicant's credit report, including without limitation, verification of past and present employment, earnings, rents, mortgages, savings, and other bank accounts; income tax returns, stock holdings and other assets; and liabilities, including without limitation, mortgages, auto loans, personal loans, credit cards, and lines of credit as the City deems necessary to process the undersigned's application.

The Applicant(s) agree that a photocopy of this form will also serve as authorization, and that the City may undertake the actions hereby authorized both prior to providing approval for participation in the Programs and as part of subsequent eligibility and compliance monitoring.

The Applicant(s) ____ do ____ do not authorize the City to share with potential mortgage lenders and/or home loan counseling agencies the information provided in connection with the undersigned's application for participation in the Programs and the credit report that the City obtains in connection therewith. Such lenders and counseling agencies may contact the undersigned to discuss home loans and counseling services for which the undersigned may be eligible. This consent to disclosure may be revoked by delivery of written notice to the City.

APPLICANT(S)

Print Name

Print Name

SSN

SSN

Signature

Signature

Date

Date

CITY SALES PRICE CALCULATOR

Date
Address of Unit
Name of household

YOU MUST ENTER NUMBERS IN THE BLUE BOXES

TABULATION OF MAXIMUM SALE PRICE FOR BMR UNITS

Enter Blue Rows Only

	Household size	5	
	Max. allowable annual income	65,100.00	Low Income
1	Annual household income	65,100.00	
2	Gross monthly income (line 1 divided by 12)	5,425.00	
	% paid toward housing	35%	
	Enter Amounts		
3	Gross monthly housing expense (line 2 multiplied by 35%)	1,898.75	
	Less Interior Homeowner Insurance	50.00	1,848.75
	Less Property Taxes (1.25% of line 6)	274.83	1,573.92
	Less Homeowners Association Dues (HOA)	117	1,456.92
	Net monthly housing expense		1,456.92
	Less PMI - if applicable		1,456.92
	MAXIMUM MONTHLY MORTGAGE PAYMENT		1,456.92
	Interest Rate		5.25%
	Term		30
4	Maximum Loan		263,837.42
5			
6	TOTAL SALES PRICE ALLOWED	D28 ⇨	263,837.42
			263,837.00

Circular Reference -

Get this # as close to D28 as possible

Prepared by: _____

Reviewed by: _____

EXHIBIT 6

CITY SALES PRICE CALCULATOR

Date
Address of Unit
Name of household

YOU MUST ENTER NUMBERS IN THE BLUE BOXES

TABULATION OF MAXIMUM SALE PRICE FOR BMR UNITS

Enter Blue Rows Only

	Household size	5	
	Max. allowable annual income	102,300.00	Moderate
1	Annual household income	102,300.00	
2	Gross monthly income (line 1 divided by 12)	8,525.00	
	% paid toward housing	35%	

Enter
Amounts

3	Gross monthly housing expense (line 2 multiplied by 35%)	2,983.75	
	Less Interior Homeowner Insurance	50.00	2,933.75
	Less Property Taxes (1.25% of line 6)	447.02	2,486.73
	Less Homeowners Association Dues (HOA)	117	2,369.73

Changes per development

	Net monthly housing expense	2,369.73	
		2,369.73	

MAXIMUM MONTHLY MORTGAGE PAYMENT

	Interest Rate	5.25%	
	Term	30	
4	Maximum Loan	429,140.55	

5

6 **TOTAL SALES PRICE ALLOWED** D28 ⇨ 429,140.55

Circular Reference -

Get this # as close to D28 as possible

Prepared by: _____

Reviewed by: _____

State Income Limits for 2008

1 of 7

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Alameda County	Extremely Low	18,100	20,700	23,250	25,850	27,900	30,000	32,050	34,100
Area Median Income:	Very Low Income	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
86,100	Lower Income	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
	Median Income	60,300	68,900	77,500	86,100	93,000	99,900	106,800	113,700
	Moderate Income	72,300	82,600	93,000	103,300	111,600	119,800	128,100	136,400
Alpine County	Extremely Low	14,550	16,650	18,700	20,800	22,450	24,150	25,800	27,450
Area Median Income:	Very Low Income	24,300	27,750	31,250	34,700	37,500	40,250	43,050	45,800
69,400	Lower Income	38,850	44,400	49,950	55,500	59,950	64,400	68,800	73,250
	Median Income	48,600	55,500	62,500	69,400	75,000	80,500	86,100	91,600
	Moderate Income	58,300	66,600	75,000	83,300	90,000	96,600	103,300	110,000
Amador County	Extremely Low	14,000	16,000	18,000	20,000	21,600	23,200	24,800	26,400
Area Median Income:	Very Low Income	23,350	26,700	30,000	33,350	36,000	38,700	41,350	44,000
66,700	Lower Income	37,350	42,700	48,000	53,350	57,600	61,900	66,150	70,400
	Median Income	46,700	53,400	60,000	66,700	72,000	77,400	82,700	88,000
	Moderate Income	56,000	64,000	72,000	80,000	86,400	92,800	99,200	105,600
Butte County	Extremely Low	11,450	13,100	14,700	16,350	17,650	18,950	20,250	21,600
Area Median Income:	Very Low Income	19,100	21,800	24,550	27,250	29,450	31,600	33,800	35,950
54,500	Lower Income	30,500	34,900	39,250	43,600	47,100	50,600	54,050	57,550
	Median Income	38,200	43,600	49,100	54,500	58,900	63,200	67,600	71,900
	Moderate Income	45,800	52,300	58,900	65,400	70,600	75,900	81,100	86,300
Calaveras County	Extremely Low	12,900	14,700	16,550	18,400	19,850	21,350	22,800	24,300
Area Median Income:	Very Low Income	21,500	24,550	27,650	30,700	33,150	35,600	38,050	40,500
61,400	Lower Income	34,350	39,300	44,200	49,100	53,050	56,950	60,900	64,800
	Median Income	43,000	49,100	55,300	61,400	66,300	71,200	76,100	81,000
	Moderate Income	51,600	59,000	66,300	73,700	79,600	85,500	91,400	97,300
Colusa County	Extremely Low	11,300	12,900	14,550	16,150	17,450	18,750	20,050	21,300
Area Median Income:	Very Low Income	18,850	21,500	24,200	26,900	29,050	31,200	33,350	35,500
53,800	Lower Income	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
	Median Income	37,700	43,000	48,400	53,800	58,100	62,400	66,700	71,000
	Moderate Income	45,200	51,700	58,100	64,600	69,800	74,900	80,100	85,300
Contra Costa County	Extremely Low	18,100	20,700	23,250	25,850	27,900	30,000	32,050	34,100
Area Median Income:	Very Low Income	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
86,100	Lower Income	46,350	53,000	59,600	66,250	71,550	76,850	82,150	87,450
	Median Income	60,300	68,900	77,500	86,100	93,000	99,900	106,800	113,700
	Moderate Income	72,300	82,600	93,000	103,300	111,600	119,800	128,100	136,400
Del Norte County	Extremely Low	11,300	12,900	14,550	16,150	17,450	18,750	20,050	21,300
Area Median Income:	Very Low Income	18,850	21,500	24,200	26,900	29,050	31,200	33,350	35,500
53,800	Lower Income	30,150	34,450	38,750	43,050	46,500	49,950	53,400	56,850
	Median Income	37,700	43,000	48,400	53,800	58,100	62,400	66,700	71,000
	Moderate Income	45,200	51,700	58,100	64,600	69,800	74,900	80,100	85,300
El Dorado County	Extremely Low	14,900	17,050	19,150	21,300	23,000	24,700	26,400	28,100
Area Median Income:	Very Low Income	24,850	28,400	31,950	35,500	38,350	41,200	44,000	46,850
71,000	Lower Income	39,750	45,450	51,100	56,800	61,350	65,900	70,450	75,000
	Median Income	49,700	56,800	63,900	71,000	76,700	82,400	88,000	93,700
	Moderate Income	59,600	68,200	76,700	85,200	92,000	98,800	105,600	112,500

Note: See instructions/example on last page to determine income limit for households larger than 8 persons

HACA UTILITY ALLOWANCE

The Housing Authority of the County of Alameda's (HACA's) **utility allowance** is its estimate of the monthly cost of the reasonable consumption of those essential utilities (and, if supplied by the tenant, the refrigerator and/or stove) not included in the tenant rent but for which the tenant is responsible. The **utility allowance** does **not** include the cost of telephone or cable services.

The utility allowances below are effective **8/1/08** for income redeterminations effective **8/1/08** or later

Utility Allowance - Multi-Unit Buildings & Attached Homes

	Studio	1-Br	2-Br	3-Br	4-Br	5-Br	6-Br
Heating - Electric	\$8	\$8	\$11	\$14	\$17	\$25	\$29
Heating - Gas	\$11	\$15	\$18	\$19	\$22	\$23	\$26
Cooking - Electric	\$1	\$2	\$2	\$3	\$3	\$3	\$4
Cooking - Gas	\$2	\$3	\$3	\$3	\$3	\$3	\$3
Hot Water - Electric	\$10	\$11	\$20	\$25	\$26	\$26	\$30
Hot Water - Gas	\$8	\$10	\$13	\$19	\$20	\$22	\$25
Refrigerator ¹	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Stove ¹	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Water	\$16	\$23	\$28	\$35	\$44	\$50	\$58
Trash	\$17	\$17	\$17	\$28	\$28	\$50	\$57
Electric - Other	\$11	\$14	\$20	\$24	\$28	\$31	\$35

¹ Tenant-Supplied

Utility Allowance - Single Family

	Studio	1-Br	2-Br	3-Br	4-Br	5-Br	6-Br
Heating - Electric	\$10	\$10	\$18	\$23	\$41	\$44	\$50
Heating - Gas	\$15	\$20	\$24	\$28	\$32	\$40	\$46
Cooking - Electric	\$1	\$2	\$2	\$3	\$3	\$3	\$4
Cooking - Gas	\$2	\$3	\$3	\$3	\$3	\$3	\$3
Hot Water - Electric	\$10	\$11	\$19	\$25	\$26	\$26	\$30
Hot Water - Gas	\$8	\$11	\$13	\$19	\$20	\$22	\$25
Refrigerator ¹	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Stove ¹	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Water	\$15	\$21	\$27	\$33	\$41	\$47	\$54
Trash	\$17	\$17	\$17	\$28	\$28	\$50	\$57
Electric - Other	\$11	\$14	\$20	\$24	\$28	\$31	\$35

¹ Tenant-Supplied

Annual Monitoring Report

[illegible]

DEVELOPER
INCLUSIONARY HOUSING MARKETING PLAN

LOGO HERE

DEVELOPER

Presented by:

DEVELOPER

Contact Name
Phone Number

EXHIBIT 10

MARKETING AND OUTREACH PLAN: FOR SALE BMR UNITS

EXECUTIVE SUMMARY

The key steps to establishing an effective Marketing and Outreach Program for the Below Market Rate (BMR) homes at DEVELOPMENT are:

- 1) To generate excitement and energy to attract all segments of the primary targeted market;
- 2) To establish a well-trained team to provide accurate and timely information to prospective purchasers;
- 3) To create an application package that clearly explains the necessary criteria, the income limitations, preference points and ranking, qualifications, resale restrictions, and the purchase process;
- 4) To efficiently review and verify application packages;
- 5) To establish an equitable ranking and selection process;
- 6) To manage the sales process from contract through close of escrow.

Developer (or a consultant, if so elected) will create a program that supports these objectives based on the following benchmarks:

- I. Infrastructure
- II. Outreach/Marketing
- III. Buyer registration, qualification, ranking and selection
- IV. Sales and lending procedures and training
- V. Escrow management

I. Infrastructure

- 1) Create and dedicate a website, or directory within the Developer website, that includes all pertinent qualification information, application packet, forms, deadlines, floor plans, community information, contact information, requests for information. Use the website for updates, release notices, instant acknowledgement and media blitz as necessary.
- 2) Establish a unique Development mailing address.
- 3) Create a training program and training guidelines for the sales agents, selected "preferred lender" and escrow.
- 4) Clearly define the qualification, ranking and selection process including income restrictions, pricing, and the preference point system

II. Outreach/Marketing

- 1) Public Employee Community Outreach. Post informational flyers as appropriate at City offices and facilities, senior centers and schools. Developer will also approach retail businesses, local employers and business organizations to distribute informational flyers to their employees and members.
- 2) Print Media. Place periodic advertisements in local newspapers and on housing websites. ANG news group, the Contra Costa Times and affiliated papers, Craig's List and Home Buyers Guide are potential media sources.

- 3) Public Relations. Send periodic public relations releases to potential media sources including announcements for new releases of BMR homes, application deadlines and information sites.
- 4) Targeted Mailings. Create a mailer targeted to local renters who meet the eligibility requirements utilizing mailing lists including those tenants who currently reside in apartment communities owned and managed by Developer.
- 5) Website. Post all information relating to income guidelines, applicant qualifications, resale deed restrictions, the community, floor plans and the purchasing process to the website pages. Include on-line information and application packets and contact information.
- 6) Point of Sale. Create a point-of-sale poster or other collateral material that will be prominently displayed in the sales offices of all Developer's Development communities.
- 7) Application Period. The initial application period will run for thirty days from the commencement of the marketing program. Thereafter, applications will be reviewed and approved on a rolling basis.

III. Buyer Registration, Qualification, Ranking and Selection Process

- 1) An introductory letter and an Application Packet will be mailed to each Buyer who contacts Developer by mail, telephone request, website interest list or website registration or by sales office visit. Application packets will also be distributed through the City of Dublin, at the sales office and at Developer's office location.
- 2) Applicants will be required to be prequalified with a "preferred lender", although they will also have the right to close escrow with the lender of their choice provided all criteria for eligibility is met and approved.
- 3) Completed applications will be mailed to Developer's office or to a designated address.
- 4) Once received, an Application Packet will be reviewed by Developer or its consultant as to completeness. If complete, Application Packet will be date and time stamped and entered into a chronological log. If an Application Packet is deemed "incomplete", the entire packet will be returned by U. S. mail to the applicant with a letter requesting the additional information and the name and address of the applicant will be entered in a separate log. Incomplete applications will not be accepted as eligible if required information is submitted later than the deadline for applications per phase.
- 5) Developer personnel or appointed designee will evaluate each applicant as to household and income criteria for each BMR and to establish preference points, if any to generate a ranked list of applicants. The list of applicants will be ranked based first on preference points as established by the City of Dublin's Inclusionary Ordinance and any applicable amendments to the Ordinance.
- 6) Within 30 days of the end of the Application Period, Developer will forward to the City for review the list of ranked applicants and the completed applications for approval. Should multiple applicants receive the same

ranking, Developer or its designee will randomly select by drawing, beginning with the highest ranked applicants. Date and time stamped applications may also be used in the case of equal rankings.

- 7) The City will review the application packets to verify the applicants are Qualified Households. The City will make every effort to review the applications within 7 working days of receiving a complete application packet.
- 8) Once the City has verified that the applicant is a Qualified Household, the City will send Developer a Conditional Approval Letter indicating the applicant's name, income level and the maximum sale price of the unit. A copy of the application packet, along with income verification for the household will be retained by the City as proof of the buyer's qualification to purchase the BMR Unit. If the City determines that the applicant is not a Qualified Household, the City will send Developer an ineligibility letter. An applicant who has been deemed to be ineligible may not reapply for a period of one year from the date of the ineligibility letter.
- 9) When the conditions in the Conditional Approval Letter are submitted and cleared within the seven calendar time frame day, The City will issue a Qualification Letter. The sale cannot proceed until Developer receives the Qualification Letter.
- 10) A Qualification Letter is valid for 6 months from the date of the letter. Developer bears the responsibilities of ensuring applicants are not qualified more than 6 months before a unit becomes available. Applicants must be re-qualified if occupancy is to take place more than 6 months from the date of the Qualification Letter. Applicants may or may not qualify to purchase a BMR Unit upon re-qualification. In addition, the price of the BMR Unit may change upon re-qualification, depending on the information supplied during the re-qualification process. If, upon re-qualification, an applicant does not qualify, it is the responsibility of Developer to notify the applicant.
- 11) Developer will offer the unit to Qualified Households based on the Priority List, offering the BMR Unit first to those applicants with the most Preference Points, then in descending order. Developer will contact each applicant in order of rank and schedule an appointment to select a unit, if applicable, and to proceed to contract
- 12) Developer and applicant will enter into a formal purchase agreement. As part of the contract process, applicant will be required to make an initial deposit to the Title Company who will be handling all escrow documents and funds.
- 13) Developer will require the selected buyer to execute a Resale Restriction Agreement and Option to Purchase and a Performance Deed of Trust and/or a Regulatory Agreement.
- 14) The lender will complete the necessary loan documents and submit the final loan package to the on-site Developer sales representatives and to the City for initial approval.
- 15) The Applicant will then provide an additional deposit. The full deposit provided will constitute the downpayment for the home and becomes non-refundable in the event of buyer default within 25 days of the execution of the purchase documents. Should the City not approve the buyer's application, due to no fault of buyer, the full deposit is refundable.

- 16) Developer will provide the City with the name and address of the title company closing the sale and the name of the escrow officer.
- 17) Prior to the City sending escrow instructions the City will review all final loan documents for compliance to the City's Mortgage Loan Financing Requirements.
- 18) The City will prepare and send escrow instructions to the Title Company.
- 19) The Title Company will submit the following documents to the City: Completed and Signed Residential Loan Application; Completed Truth in Lending Statement, Good Faith Estimate, and a estimated HUD-1 statement from the Title Company; Complete information on the BMR unit offered to prospective buyer, including unit price, size, number of bedrooms and additional amenities; Completed, executed, and notarized Resale Restriction Agreement and Option to Purchase or Regulatory Agreement; Completed, executed, and notarized Performance Deed of Trust; and Completed and executed Consent Agreement.
- 20) The City will review the above documents for completeness, prepare the Request for Notice of Default for each of the buyer's loans, secure the signature of the City Manager or his/her designee on the necessary documents, and return the loan documents to the lender.
- 21) The City will send the original Resale Restriction Agreement, Performance Deed of Trust and Request for Notice of Default to the escrow officer for recording. The Resale Restriction Agreement and the Performance Deed of Trust must be recorded senior to any other liens recorded against the BMR Unit.
- 22) If at any time during the application, screening, or sale process, an applicant requires translation services, Developer shall provide such services at the Developer's sole cost and expense
- 23) Any buyer-selected upgrades shall be paid in full at the time of selection and will not be financed with the purchase of the property.

IV. Training

- 1) Developer employs an "in-house" sales team which is a group of seasoned, trained professionals. Licensed, experienced sales representatives will be on-site at Development daily. The sales representatives are skilled in all aspects of the sales process; however hands on training will also be given to each sales representative so that he/she will be fully versed on the intricacies of the City of Dublin's Inclusionary Ordinance. In addition, Developer's Sales Manager, Escrow Manager and Broker will be available to answer specific questions posed by the sales representative and/or the applicants and buyers. Developer may also retain a consultant to respond to all applications and application requests. Questions, concerns and issues will be handled promptly and professionally.
- 2) Hours of operation at the sales office are generally 10:00 a.m. to 5:00 p.m., Tuesday thru Sunday and from 1:00 p.m. to 5:00 p.m. Monday. Daylight savings and holiday hours may be implemented. The consultant retained by Developer may have different hours of operation.
- 3) In addition to specialized training to educate the sales representatives on all aspects of the Ordinance, the sales representatives, the Sales Manager,

Escrow Manager, preferred lender and Title Company welcome the opportunity to meet with the City both for supplemental training and to streamline the application and selection process as needed. Once the first closing occurs, all parties will again meet with the City to evaluate the process and to discuss any changes that may be necessary to ensure a smoother transition.

V. Escrow Management

- 1) Developers's Escrow Manager is a highly skilled professional. He/She understands the escrow process, is thorough in executing his/her responsibilities and has experience in managing the sales and closings process of BMR units and applicable documents. He/She will be responsible for managing the paper flow from the sales office through Developer to Title as well as performing the review processes for eligibility and interacting with the City as outlined above.
- 2) The on-site sales representatives and the third party consultant will be the main contacts for all buyers once the sales documents are executed. On-site sales representatives will also handle the application packets that are requested at the sales office and will answer any questions and concerns from potential applicants. The sales representative and/or the third party consultant will also be responsible for managing the day-to-day process from date of contract through closing and interacts with the buyer, the lender, escrow and Developer management.
- 3) The Title Escrow Manager will be trained to handle the nuances of Dublin's Inclusionary Housing program in addition to the normal sales and closing process that Developer has established for all our for sale communities.

MARKETING AND OUTREACH PLAN: RENTAL BMR UNITS

- 1) Point of Sale. Advise buyers in writing at point of sale of rental opportunity created by BMR rental units. Provide Buyer with a copy of the Second Unit Regulatory Agreement at point of sale.
- 2) Public Outreach. Provide Buyer with information regarding potential tenant sources and potential income from tenants per income category.
- 3) Contract Addendum. Prepare contract addendum to be executed by buyers acknowledging existence of requirements imposed by Second Unit Regulatory Agreement.
- 4) Closing. At closing, have Second Unit Regulatory Agreement executed by buyer and recorded.
- 5) Buyer Education. Arrange for educational seminars to inform buyers of units containing Second Units of their rights and responsibilities under the Second Unit Regulatory Agreement.

TITLE 26 - INTERNAL REVENUE CODE**Subtitle A - Income Taxes****CHAPTER 1 - NORMAL TAXES AND SURTAXES****Subchapter B - Computation of Taxable Income****PART I - DEFINITION OF GROSS INCOME, ADJUSTED GROSS INCOME, TAXABLE INCOME, ETC.****§ 61. Gross income defined****(a) General definition**

Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items:

- (1) Compensation for services, including fees, commissions, fringe benefits, and similar items;
- (2) Gross income derived from business;
- (3) Gains derived from dealings in property;
- (4) Interest;
- (5) Rents;
- (6) Royalties;
- (7) Dividends;
- (8) Alimony and separate maintenance payments;
- (9) Annuities;
- (10) Income from life insurance and endowment contracts;
- (11) Pensions;
- (12) Income from discharge of indebtedness;
- (13) Distributive share of partnership gross income;
- (14) Income in respect of a decedent; and
- (15) Income from an interest in an estate or trust.

(b) Cross references

For items specifically included in gross income, see part II (sec. 71 and following). For items specifically excluded from gross income, see part III (sec. 101 and following).

(Aug. 16, 1954, ch. 736, 68A Stat. 17; Pub. L. 98-369, div. A, title V, § 531(c), July 18, 1984, 98 Stat. 884.)

Amendments

1984—Subsec. (a)(1). Pub. L. 98-369 inserted reference to fringe benefits.

Effective Date of 1984 Amendment

Amendment by Pub. L. 98-369 effective Jan. 1, 1985, see section 531(h) of Pub. L. 98-369, set out as an Effective Date note under section 132 of this title.

Termination Date of 1978 Amendment

Pub. L. 95-615, § 210(a), Nov. 8, 1978, 92 Stat. 3109, provided that: "Title I of this Act [probably means sections 1 to 8 of Pub. L. 95-615, see Short Title of 1978 Amendment note under section 1 of this title] (other than sections 4 and 5 thereof) [amending section 167 of this title, enacting provisions set out as notes under this section and sections 61 and 62 of this title, and amending provisions set out as notes under sections 117, 167, and 382 of this title] shall cease to have effect on the day after the date of the enactment of this Act [Nov. 8, 1978]."

Regulations

Pub. L. 95–427, § 1, Oct. 7, 1978, 92 Stat. 996, as amended by Pub. L. 96–167, § 1, Dec. 29, 1979, 93 Stat. 1275; Pub. L. 97–34, title VIII, § 801, Aug. 13, 1981, 95 Stat. 349; Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) In General.—No fringe benefit regulation shall be issued—

“(1) in final form on or after May 1, 1978, and on or before December 31, 1983, or

“(2) in proposed or final form on or after May 1, 1978, if such regulation has an effective date on or before December 31, 1983.

“(b) Definition of Fringe Benefit Regulation.—For purposes of subsection (a), the term ‘fringe benefit regulation’ means a regulation providing for the inclusion of any fringe benefit in gross income by reason of section 61 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954].”

Pub. L. 95–615, § 3, Nov. 8, 1978, 92 Stat. 3097, as amended by Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that no regulations be issued in final form on or after Oct. 1, 1977, and before July 1, 1978, providing for inclusion of any fringe benefit in gross income by reason of section 61 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], ceased to have effect on the day after Nov. 8, 1978, pursuant to section 210(a) of that Act.

No Gain Recognized From Net Gifts Made Before March 4, 1981

Section 1026 of Pub. L. 98–369, as amended by Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) In General.—In the case of any transfer of property subject to gift tax made before March 4, 1981, for purposes of subtitle A of the Internal Revenue Code of 1986 [formerly I.R.C. 1954, 26 U.S.C. 1 et seq.], gross income of the donor shall not include any amount attributable to the donee’s payment of (or agreement to pay) any gift tax imposed with respect to such gift.

“(b) Gift Tax Defined.—For purposes of subsection (a), the term ‘gift tax’ means—

“(1) the tax imposed by chapter 12 of such Code [26 U.S.C. 2501 et seq.], and

“(2) any tax imposed by a State (or the District of Columbia) on transfers by gifts.

“(c) Statute of Limitations.—If refund or credit of any overpayment of tax resulting from subsection (a) is prevented on the date of the enactment of this Act [July 18, 1984] (or at any time within 1 year after such date) by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to subsection (a)) may nevertheless be made or allowed if claim therefor is filed within 1 year after the date of the enactment of this Act.”

Payment-in-Kind Tax Treatment Act of 1983

Pub. L. 98–4, Mar. 11, 1983, 97 Stat. 7, as amended by Pub. L. 98–369, div. A, title X, § 1061(a), July 18, 1984, 98 Stat. 1046; Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 100–647, title VI, § 6252(a)(1), Nov. 10, 1988, 102 Stat. 3752, provided that:

“SECTION 1. SHORT TITLE.

“This Act may be cited as the ‘Payment-in-Kind Tax Treatment Act of 1983’.

“SEC. 2. INCOME TAX TREATMENT OF AGRICULTURAL COMMODITIES RECEIVED UNDER A 1983 PAYMENT-IN-KIND PROGRAM.

“(a) Income Tax Deferral, Etc.—Except as otherwise provided in this Act, for purposes of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]—

“(1) a qualified taxpayer shall not be treated as having realized income when he receives a commodity under a 1983 payment-in-kind program,

“(2) such commodity shall be treated as if it were produced by such taxpayer, and

“(3) the unadjusted basis of such commodity in the hands of such taxpayer shall be zero.

“(b) Effective Date.—This section shall apply to taxable years ending after December 31, 1982, but only with respect to commodities received for the 1983 crop year.

“SEC. 3. LAND DIVERTED UNDER 1983 PAYMENT-IN-KIND PROGRAM TREATED AS USED IN FARMING BUSINESS, ETC.

“(a) General Rule.—For purposes of the provisions specified in subsection (b), in the case of any land diverted from the production of an agricultural commodity under a 1983 payment-in-kind program—

“(1) such land shall be treated as used during the 1983 crop year by the qualified taxpayer in the active conduct of the trade or business of farming, and

“(2) any qualified taxpayer who materially participates in the diversion and devotion to conservation uses required under a 1983 payment-in-kind program shall be treated as materially participating in the operation of such land during such crop year.

“(b) Provisions to Which Subsection (a) Applies.—The provisions specified in this subsection are—

“(1) section 2032A of the Internal Revenue Code of 1986 (relating to valuation of certain farm, etc., real property),

“(2) section 6166 of such Code (relating to extension of time for payment of estate tax where estate consists largely of interest in closely held business),

“(3) chapter 2 of such Code (relating to tax on self-employment income), and

“(4) title II of the Social Security Act [42 U.S.C. 401 et seq.] (relating to Federal old-age, survivors, and disability insurance benefits).

“SEC. 4. ANTIABUSE RULES.

“(a) General Rule.—In the case of any person, sections 2 and 3 of this Act shall not apply with respect to any land acquired by such person after February 23, 1983, unless such land was acquired in a qualified acquisition.

“(b) Qualified Acquisition.—For purposes of this section, the term ‘qualified acquisition’ means any acquisition—

“(1) by reason of the death of a qualified transferor,

“(2) by reason of a gift from a qualified transferor, or

“(3) from a qualified transferor who is a member of the family of the person acquiring the land.

“(c) Definitions and Special Rules.—For purposes of this section—

“(1) Qualified transferor.—The term ‘qualified transferor’ means any person—

“(A) who held the land on February 23, 1983, or

“(B) who acquired the land after February 23, 1983, in a qualified acquisition.

“(2) Member of family.—The term ‘member of the family’ has the meaning given such term by section 2032A(e)(2) of the Internal Revenue Code of 1986.

“(3) Mere change in form of business.—Subsection (a) shall not apply to any change in ownership by reason of a mere change in the form of conducting the trade or business so long as the land is retained in such trade or business and the person holding the land before such change retains a direct or indirect 80-percent interest in such land.

“(4) Treatment of certain acquisitions of right to the crop.—The acquisition of a direct or indirect interest in 80 percent or more of the crop from any land shall be treated as an acquisition of such land.

“SEC. 5. DEFINITIONS AND SPECIAL RULES.

“(a) General Rule.—For purposes of this Act—

“(1) 1983 payment-in-kind program.—The term ‘1983 payment-in-kind program’ means any program for the 1983 crop year—

“(A) under which the Secretary of Agriculture (or his delegate) makes payments in kind of any agricultural commodity to any person in return for—

“(i) the diversion of farm acreage from the production of an agricultural commodity, and

“(ii) the devotion of such acreage to conservation uses, and

“(B) which the Secretary of Agriculture certifies to the Secretary of the Treasury as being described in subparagraph (A).

“(2) Crop year.—The term ‘1983 crop year’ means the crop year for any crop the planting or harvesting period for which occurs during 1983. The term ‘1984 crop year’ means the crop year for wheat the planting and harvesting period for which occurs during 1984.

“(3) Qualified taxpayer.—The term ‘qualified taxpayer’ means any producer of agricultural commodities (within the meaning of the 1983 payment-in-kind programs) who receives any agricultural commodity in return for meeting the requirements of clauses (i) and (ii) of paragraph (1)(A).

“(4) Receipt includes right to receive, etc.—A right to receive (or other constructive receipt of) a commodity shall be treated the same as actual receipt of such commodity.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 3, 2007 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

“(5) Amounts received by the taxpayer as reimbursement for storage.—A qualified taxpayer reporting on the cash receipts and disbursements method of accounting shall not be treated as being entitled to receive any amount as reimbursement for storage of commodities received under a 1983 payment-in-kind program until such amount is actually received by the taxpayer.

“(6) Commodity credit loans treated separately.—Subsection (a) of section 2 shall apply to the receipt of any commodity under a 1983 payment-in-kind program separately from, and without taking into account, any related transaction or series of transactions involving the satisfaction of loans from the Commodity Credit Corporation.

“(b) Extension to Wheat Planted and Harvested in 1984.—In the case of wheat—

“(1) any reference in this Act to the 1983 crop year shall include a reference to the 1984 crop year, and

“(2) any reference to the 1983 payment-in-kind program shall include a reference to any program for the 1984 year for wheat which meets the requirements of subparagraphs (A) and (B) of subsection (a)(1).

“(c) Regulations.—The Secretary of the Treasury or his delegate (after consultation with the Secretary of Agriculture) shall prescribe such regulations as may be necessary to carry out the purposes of this Act, including (but not limited to) such regulations as may be necessary to carry out the purposes of this Act where the commodity is received by a cooperative on behalf of the qualified taxpayer.”

[Section 1061(b) of Pub. L. 98–369 provided that: “The amendments made by this section [amending Pub. L. 98–4 set out above] shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 [Pub. L. 98–4, set out above] as amended by subsection (a)).”]

Cancellation of Certain Student Loans

Pub. L. 94–455, title XXI, § 2117, Oct. 4, 1976, 90 Stat. 1911, as amended by Pub. L. 95–600, title I, § 162, Nov. 6, 1978, 92 Stat. 2810; Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that no amount be included in gross income of an individual for purposes of 26 U.S.C. 61 by reason of the discharge made before Jan. 1, 1983 of the indebtedness of the individual under a student loan if the discharge was pursuant to a provision of the loan under which the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain geographical areas or for certain classes of employers.

Regulations Relating to Tax Treatment of Certain Prepublication Expenditures of Publishers

Pub. L. 94–455, title XXI, § 2119, Oct. 4, 1976, 90 Stat. 1912, as amended by Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) General Rule.—With respect to taxable years beginning on or before the date on which regulations dealing with prepublication expenditures are issued after the date of the enactment of this Act [Oct. 4, 1976], the application of sections 61 (as it relates to cost of goods sold), 162, 174, 263, and 471 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] to any prepublication expenditure shall be administered—

“(1) without regard to Revenue Ruling 73–395, and

“(2) in the manner in which such sections were applied consistently by the taxpayer to such expenditures before the date of the issuance of such revenue ruling.

“(b) Regulations To Be Prospective Only.—Any regulations issued after the date of the enactment of this Act [Oct. 4, 1976] which deal with the application of sections 61 (as it relates to cost of goods sold), 162, 174, 263, and 471 of the Internal Revenue Code of 1986 to prepublication expenditures shall apply only with respect to taxable years beginning after the date on which such regulations are issued.

“(c) Prepublication Expenditures Defined.—For purposes of this section, the term ‘prepublication expenditures’ means expenditures paid or incurred by the taxpayer (in connection with his trade or business of publishing) for the writing, editing, compiling, illustrating, designing, or other development or improvement of a book, teaching aid, or similar product.”

Reimbursement of Moving Expenses of Employees of Certain Corporations Excluded From Gross Income; Claim for Refund or Credit; Limitations; Interest

Pub. L. 86–780, § 5, Sept. 14, 1960, 74 Stat. 1013, provided for the exclusion from gross income of any amount received after Dec. 31, 1949, and before Oct. 1, 1955, by employees of certain corporations as reimbursement for moving expenses, and the refund or credit of any overpayments.

**NAME OF PROJECT
MANAGEMENT PLAN
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PROJECT NAME MANAGEMENT PLAN

I.INTRODUCTION

A. Project Description:

DEVELOPMENT'S NAME, located at (list location) in the City of Dublin, are a ??-unit development consisting of ?? one-bedroom units, ?? two-bedroom units and ?? three-bedroom units. The design is representative of the Mediterranean stucco-type style housing and has numerous outdoor community courtyards, walking pathways, tot-lots, laundry facilities, garages and carports. The apartment complex includes a community building supporting a leasing office, computer technology facility and a community room with a kitchen and restrooms. Apartments at DEVELOPMENT'S NAME are affordable to individuals earning between 20-60% of the area median income levels for Alameda County.

B. Project Ownership and Management:

DEVELOPMENT'S NAME is owned by (place information here)

C. Management Objectives:

This management plan sets forth the general policies and procedures to be utilized at DEVELOPMENT'S NAME ensuring that the apartments continue to provide a high standard of housing for very low-income households in the Alameda County area. (List objectives, if applicable)

II. MANAGEMENT ORGANIZATION, ROLES AND RELATIONSHIPS

A. Management Organization:

(List who). is responsible for day-to-day management and maintenance of DEVELOPMENT'S NAME

B. On-Site Management:

DEVELOPMENT'S NAME has 1 on-site, full-time Resident Manager living in a designated rent-free unit and 1 full time Assistant Manager. The Resident Manager and Assistant Manager are responsible for: handling the application process, applicant screening and interviewing;

applicant verifications; resident selection; waiting list management; new resident leasing and orientations; working with (LIST WHO) vendors and contractors; collecting, depositing and recording rents and other fees; enforcing the lease and rules; submitting reports to the Property Supervisor; cleaning the laundry rooms; effectively communicating with residents; and assisting with the provision of various resident amenities to help build a sense of community within DEVELOPMENT'S NAME.

All on-site management staff are employees of (LIST WHO). The Resident Manager and Assistant Manager report to, and are trained and supervised by the Property Supervisor. The Assistant Manager also reports to and is supervised by the Resident Manager. The Resident Manager is required to reside on-site in a rent-free apartment and works 40 hours per week and as needed. The Resident Manager is in sole charge of DEVELOPMENT'S NAME and as such must manage and direct operations in accordance with the management plan. (LIST WHO) reviews job performance for adequacy and conformance with established procedures.

C. Maintenance Staffing:

DEVELOPMENT'S NAME has one full time maintenance worker and one part time porter assisting with maintenance issues. The maintenance staff is supervised by and reports to both the Resident Manager and Property Supervisor. DEVELOPMENT'S NAME maintenance staff performs routine, corrective, unit turnover, and preventive maintenance tasks. The maintenance staff is responsible for daily inspections of the property, landscaping maintenance and litter removal tasks, and for acting upon maintenance requests generated from the maintenance worker's own inspections, resident requests and requests from the Resident Manager, Property Supervisor and/or The LLC. Major landscape maintenance is performed by a contract landscape maintenance service, which works on the site once weekly and as needed for emergencies.

Employees will comply with all requirements of employment as well as the policies established by The LLC, which become part of (LIST WHO) policies and procedures. All employees are paid by (LIST WHO) including state and federal payroll and unemployment taxes, FICA taxes, and all other costs of employment including workers compensation insurance, employee medical insurance, overtime pay, and any other compensation or related costs as applicable. (LIST WHO) will be reimbursed for all actual costs made to or on behalf of all employees including, but not limited to, the aforementioned list.

(LIST WHO), Inc. will advise The LLC of all employee or former employee claims for compensation that they believe are unwarranted. The LLC will instruct (LIST WHO) as to The LLC's desire in the disposition of the claim (payment, negotiation, hearing or litigation). (LIST WHO) will proceed according to The LLC's directive. Any compensation or award to any employee or former employee including all related costs, legal fees and other fees, may be paid to management from the DEVELOPMENT'S NAME general operating account.

D. Financial Staffing:

The DEVELOPMENT'S NAME financial records are maintained, bills paid and reports generated by (LIST WHO).. The LLC engages the services of an independent accountant to

prepare an annual audit of the Dublin project and complete/file the necessary partnership tax returns, based on the DEVELOPMENT'S NAME financial records.

E. Hiring of Site Management Staff:

(LIST WHO), Inc. hires site management. All hiring of staff is in strict conformance with equal employment opportunity and non-discrimination requirements.

F. Residents' Association:

The LLC will promote the establishment of a Residents' Association. The Residents' Association will be a body elected by the residents and its role will be to provide an interface between (LIST WHO) City Officials and the residents. A representative from The LLC's Community Development department and the Resident Manager will participate in the association by attending the monthly meetings. The Property Supervisor will attend meetings on an as needed basis. It is anticipated that subcommittees will be formed to address specific resident issues and needs (e.g., social committee, etc.).

III. MARKETING AND RESIDENT SELECTION

A. Marketing:

(LIST WHO) is responsible for the marketing of vacant units. The Resident Manager is responsible for lease-up, marketing and administering the DEVELOPMENT'S NAME waiting list. When vacancies occur, names are taken from the waiting list based on the unit size available and the date and time of application.

It is (LIST WHO) policy that the marketing of vacant units shall maximize the opportunity of all persons, regardless of race, age, gender, sexual preference, religion, national origin, familial status or disability, and that no socio-economic group that otherwise would meet the Federal Low Income Housing Tax Credit Program income eligibility criteria shall be favored by or excluded from the marketing program.

Pursuant to the Affordable Housing Agreement entered into and between the Partnership and the City of Dublin, marketing and resident selection at DEVELOPMENT'S NAME shall be performed in conformance with the Inclusionary Zoning Regulations specified in Chapter 8.68 of the City of Dublin Zoning Ordinance, adopted in September 1997 and revised in March 2005. Provisions of this ordinance will be quoted in this document as appropriate below, and the complete text of this ordinance is to be attached to the end of this document.

In order to reconcile potential conflicts between the Inclusionary Zoning Regulations specified in Chapter 8.68 of the City of Dublin Zoning Ordinance and Federal Fair Housing law, DEVELOPMENT'S NAME shall follow the Affirmative Fair Marketing Plan attached to this document. This Affirmative Fair Marketing Plan specifies that marketing for DEVELOPMENT'S NAME shall specifically target current residents of properties owned by the Dublin Housing Authority (DHA); specifically, an effort will be made to market units at

DEVELOPMENT'S NAME to residents at the Arroyo Vista Apartments, a DHA property that is due to be redeveloped in the immediate future.

B. Application, Screening and Decision Processes:

1. General Considerations for Units:

- a. In screening and selecting applicants for units at DEVELOPMENT'S NAME, there shall be no discrimination based on race, religion, age, national origin, disability, familial status, gender, sexual preference or any other arbitrary factor. All applicants are asked for the same information and treated in the same manner. The applicant screening and selection process is conducted in strict conformity with both the letter and spirit of all federal and state fair housing statutes. The Resident Manager is to regularly receive in-service training and counseling regarding Fair Housing requirements.
- b. All units are leased to qualified applicants based on appropriate size in relation to the number of family members.
- c. If the initial demand for units at DEVELOPMENT'S NAME at lease-up exceeds the number of available units, a procedure identical to that described for the administration of the wait list described in section 3 below shall be used to determine which applicants are selected to fill the available units.
- d. Remaining units shall be leased by utilizing names taken from a pre-established waiting list based on the time and date the application was received.

2. Remaining Units:

- a. At the time of lease-up and subsequently, if the waiting list is depleted for a particular unit-size and income category, persons interested in living at DEVELOPMENT'S NAME who come to the site are given tours of vacant units and common areas by the Resident Manager during office hours or by appointment. At this time, the Resident Manager will provide basic information about rents, deposits, lease and rules provisions, and special income eligibility requirements. The Resident Manager will also provide the prospective resident with a resident eligibility criteria sheet outlining the application and approval processes.
- b. Prospective residents interested in applying for a unit will be given a rental application and relevant income verification forms to sign. The application requests detailed information regarding the persons who will reside in the unit, household income, employment (if applicable), present and prior residences, references and other information needed for the (LIST WHO) to perform necessary screening and prioritization of the application. The Resident Manager will explain how to fill-out the application and will also answer any questions applicants might have. If necessary, (LIST WHO) will arrange for a translator to assist applicants and the Resident Manager to communicate when they do not share a common language.
- c. Applications are submitted to the management office. At the time of application the Resident Manager is to review the application making sure that it is complete. If the application is not complete, it is to be returned to the applicant with a request to

provide the missing information as soon as possible. Once the requested information needed to screen the application is provided, the date and time the application has been accepted is written on the front of the application and the application is appropriately categorized. If there is a waiting list, then the Resident Manager should follow the procedures under section III (C) of this management plan.

- d. At the time of application acceptance for an available unit, the Resident Manager advises the applicant that they will be contacted within ten days to set up a preliminary interview and clarify information on the application. The Resident Manager will also determine whether the applicant needs to provide any other information or sign income/asset verifications that will assist the process of eligibility screening. Any gaps in the dates provided in the rental history section of the application must be explained at the preliminary interview. At the time of the preliminary interview, the Resident Manager should ask to see and take copies of the applicant's identification (e.g., California driver's license or identification card, social security card or resident alien identification card) to confirm the applicant's correct identity. The Resident Manager is also to make sure that the driver's license, identification and social security numbers match those stated on the application.
- e. Prior to move-in, the (LIST WHO) is responsible for obtaining confirmation of third-party income and asset verifications to confirm that the applicant is eligible under the requirements of the Low-Income Housing Tax Credits Program. The (LIST WHO) mailing an applicant-signed employment verification form to the employer with an enclosed self-addressed stamped envelope must obtain employment verifications. Other types of income and resident status verifications, such as social security, public assistance and legal resident status will be requested by mail or in person on forms provided by the (LIST WHO) and signed by the applicant. Gross Annual Household Income shall be calculated in accordance with Section 8 regulations, which are specified in the HUD Handbook 4350.3 definitions of income and assets and include acceptable types of verification.
- f. Incomes may not exceed, as applicable, current 35%, 40% and 45% of median income guidelines, adjusted for household size, which are published annually by the California Tax Credit Allocation Committee (CTCAC) for tax credit units, and which are posted in the office and updated annually. Once all verifications of all sources of incomes and assets have been received, the Resident Manager will total income from all sources. Then the Resident Manager will verify that these amounts are at or below the latest published maximum amounts (new figures are generally published by HUD and TCAC between February and May of each year). The information will be faxed to the Resident Manager's supervisor for verification and approval prior to allowing the applicant to move-in.
- g. Once an applicant is actually being considered for an available vacant unit, the Resident Manager must request a credit report to obtain information about the applicant's credit and rental history.
- h. The Resident Manager is responsible for calling the applicant's present and former landlords (or property managers) to determine the applicant's suitability as a resident of DEVELOPMENT'S NAME. The Resident Manager on a "Landlord Verification Form", and "Applicant Contact Form" will document all interviews and application screening information in writing. In the event current and former landlords cannot

be contacted by phone, the Resident Manager requesting reference information will mail written questionnaires, accompanied by self-addressed stamped envelopes.

- i. Once the income verifications have been obtained and references checked, and all verifications are no more than 90 days old, the resident manger will schedule a convenient time for a final interview -- with all members of the applicant household present. This interview is used to clarify and/or confirm any other information found during the reference checks. At the final interview, any conflicting information found during the verification process and reference checks will be clarified and resolved. Expectations of resident responsibilities and behavior, as embodied in the DEVELOPMENT'S NAME lease and rules is to be briefly discussed at this time.
- j. The following set of standard criteria are to be used as a guide to select residents after all interview and reference check information has been taken into consideration and are applied consistently and fairly to all candidates:

- 1. Applicant must have a verified total gross income below established 35%, 40% and 45%, median guidelines, as applicable, adjusted for household size, which are published annually by the California Tax Credit Allocation Committee.
- 2. Applicant's ratio of rent-to-actual income for the requested apartment unit should not exceed 45%. However, if an applicant can demonstrate a verified history of successfully paying rent when there was a higher than 40% rent-to-actual income ratio, their record may be used as a mitigating circumstance when evaluating this criteria. Supplemental support such as food stamps and meal services will also be considered. In no event shall an applicant be charged more rent than allowable under the applicable funding source or the federal Tax Credit Program.
- 3. If the applicant is a full-time student who is unmarried and not eligible to file a joint federal income tax return, and who is not in a training program pursuant to Title IV of the Social Security Act, JTPA or similar federal, state or local approved education or training programs designed to help people end their use of public assistance programs, the applicant household is ineligible to live in a Tax Credit unit. "Full-time student" means someone who attends school at least five months a year for the number of hours or courses, which is considered to be full-time attendance. Part-time students are eligible.
- 4. Applicant must be able to provide sufficient residential information for at least the past two years to enable the Resident Manager to adequately evaluate rental history and/or place of residence. If two years of prior residential information proves insufficient for obtaining adequate references, additional residential history may be requested.
- 5. Negative rental history will be grounds for rejection, including:
 - a. Applicant owes delinquent rent or fees for damages to current landlord;
 - b. Applicant left owing rent or owing money for damaged property to former landlord(s);
 - c. Recurring applicant problems with late rent payment;

- d. Recurring noise/disturbance problems during applicant residency;
 - e. Recurring problems where any member of household was inconsiderate, violent or abusive toward other residents or management personnel in current or past residences;
 - f. Applicant exhibited serious / poor housekeeping problems which represented health or safety hazards to others;
 - g. Applicant has had an exceptionally unstable rental history during past two years;
 - h. Applicant was evicted for cause, within the past three years;
 - i. Unwillingness of landlord(s) to rent to applicant again for valid reasons.
6. Other grounds for rejection include:
- a. Negative credit history, including credit accounts in arrears, unpaid judgement's and/or applicant having declared bankruptcy.
 - b. Inability to demonstrate a history of paying rent at prior residences.
 - c. The unit the applicant is applying for would not be the applicant's sole residence.
 - d. Applicant's household size either exceeds or is below reasonable occupancy limits for the available unit or unit applied for: one-bedroom units 1-3 persons; two-bedroom units 2-5 persons; three-bedroom units 3-7 persons. (Notes: an unborn child in the second trimester will be considered a household member to determine family size; live-in care provider's necessary to assist a disabled applicant or resident must have their own bedroom and will count for household size requirements).
 - e. Applicant was unable to provide identification that verified their identity or legal residency.
 - f. Applicant submitted an incomplete application and has not taken steps to remedy.
 - g. Applicant has provided false, inconsistent or inaccurate information on their application.
 - h. Applicant had two un-excused failures to attend an agreed-upon time for an application appointment or interview.
 - i. Applicant was abusive or uncooperative with management during the application process.
 - j. History of behavioral problems related to criminal activity that makes applicant a poor risk.
7. At least one person in the household must be of legal age to execute a lease (age 18). If the applicant is under legal age, proof of legal emancipation will be required in order to lease.
8. Any altered information and/or deliberate misinformation regarding income; current status or past history will disqualify an applicant.

- k. After conducting the final interview, the Resident Manager should consider all information gathered and the resident selection criteria. If additional consideration or information is needed, the applicant may be asked to call the Resident Manager back within a few days to inquire if they are approved for residency.
- l. Once an application is approved, the Resident Manager will inform the applicant by phone. A unit will be assigned. At that time, the Resident Manager will also arrange a reasonable date for leasing, orientation and move-in, which is convenient to the selected applicant. The applicant will also be informed of the amount of rent and the deposit payment, which must be paid before they can move in. These amounts will be confirmed in the lease agreement.
- m. Should an applicant not be approved, the Resident Manager is to clearly document the reason for denial, and will be responsible for informing the applicant in writing (by mail) of the denial and the reasons. If the applicant was not approved solely on the basis of information gained from the credit check, and that information is disputed by the applicant, they will be provided with a copy of the report itself, the address of the credit reporting service agency, and will be given two weeks to provide the Resident Manager with satisfactory evidence that the issue with the agency has been resolved. If credit service information proves to be erroneous, the applicant's application will be reconsidered.
- n. Once an applicant is placed on the DEVELOPMENT'S NAME waiting list the Resident Manager will notify them, in writing, within ten days that they are on the list.

C. Waiting List Management:

The Resident Manager will maintain a waiting list consisting of 1-bedroom, 2-bedroom and 3-bedroom units based upon the pre-established aforementioned criteria.

All applicants who meet the aforementioned criteria will be ranked using the following point system, outlined in Chapter 8.68.050(D) of the City of Dublin Zoning Ordinance, published in September 1997 and revised in March 2005:

- Employed within the boundaries of the City of Dublin for at least six months prior to application: three points (one per household)
- Public Service Employee working in the City of Dublin (i.e. a person employed by a Public Agency of the City of Dublin): one additional point
- Current resident of the City of Dublin for at least one year prior to application: three points (one per household)
- Senior citizens: one point (one per household)
- Permanently disabled citizens: one point (one per household)
- Immediate family member of Dublin Resident: one point (one per household)
- Resident required to relocate from current residence in the City of Dublin due to demolition of dwelling or conversion of dwelling from rental to for-sale unit: one point (one per household)

The procedure outlined by the City of Dublin shall guide the selection process described above. Please refer to the full text of Zoning Ordinance Chapter 8.68, attached to this document, for the full details of this procedure.

Qualified applicants will then be chosen according to the ranking system outlined above to fill vacancies at DEVELOPMENT'S NAME. No applicant shall be selected without the prior approval of the City of Dublin or its designee.

The Resident Manager is responsible for keeping the waiting list up-to-date by sending a notice to persons on the waiting list semi-annually by mail, and enclosing a form for them to send back to the DEVELOPMENT'S NAME management office indicating whether they are interested in still being on the waiting list. Households for whom no confirmation is received, or who indicate they no longer wish to be on the waiting list, will have their names removed from the list. The Resident Manager will verify applicant information (prior to starting the process of obtaining current income verifications) and update any information that may have changed regarding the size or composition of their households.

The Resident Manager contacts the three highest ranked qualified applicants on the wait list when notice is provided that a unit is available. If the applicant indicates that they are no longer interested in living at DEVELOPMENT'S NAME, they are removed from the waiting list and notified in writing of this action. Applicants who have valid reason for being unable to live at DEVELOPMENT'S NAME, but request to remain on the list, are given two opportunities to refuse an offer to live at DEVELOPMENT'S NAME before being removed from the waiting list.

IV. OCCUPANCY POLICIES AND PROCEDURES

A. Leasing, Inspection, Tour and Orientation:

Prior to move-in, the Resident Manager will create a resident file containing: the application, lease agreement and rules, unit move-in/move-out inspection form, Tax Credit program low-income lease rider and resident income and asset certification form. Also prior to move-in, it is the new resident's responsibility to have the gas and electric service turned on for their unit and placed in their names. They must present evidence to the Resident Manager to verify that the services have been placed in their names. The Resident Manager should schedule an appointment for leasing and orientation with the entire new resident household present prior to move-in.

The time of lease and rules signing and orientation provides a key opportunity for management to help assure that a new resident's tenancy at DEVELOPMENT'S NAME will be a success and to minimize potential problems. Approximately 1½ to 2 hours should be allocated for this meeting. If the new residents do not speak English and do not share a common language with the Resident Manager, the (LIST WHO) will arrange for a translator to be present. In this case, additional time should be scheduled.

1. Unit Move-in Inspection and Tour: The Resident Manager will accompany the new residents to the unit for a joint inspection using the "Apartment Inspection Report" form which has columns to note condition at the time of both move-in and move-out. The inspection form is to be signed by the Resident Manager and new residents, with the residents given a copy. Any damage to the unit should be documented on this form. Any correctable deficiencies must result in a work order request and be repaired or replaced immediately by the maintenance worker or vendors.

During the unit inspection, the Resident Manager must take the time to show the new residents how to use and care for: the stove, range hood vent and light, refrigerator, garbage disposer, and heater. The location of the electric service sub-panel box will be shown, as well as the method of switching off circuit breakers, if necessary. Each unit is provided with a rubber plunger and residents are shown how to use it in an effort to unstop a clogged toilet or to get a sink to drain.

Residents are advised that they must not tamper with or deactivate their smoke detectors. The Resident Manager will also explain the resident's responsibilities for caring for and keeping clean the carpets, linoleum floors, mini-blinds, interior windows and appliances.

Emergency procedures will also be discussed, including actions to take in the event of fires or earthquakes. The resident is given a sheet with phone numbers of the management office and the maintenance worker, in the event of a maintenance emergency. The Resident Manager will explain to the new residents what kinds of problems constitute an emergency and what does not.

The orientation will include showing new residents the location of their mailboxes. Residents will also be taken to the laundry room where it is explained how to use the machines and how they are expected to clean up after themselves after doing their laundry. The Resident Manager will also explain procedures for disposal of waste and recyclables.

2. Document Explanation and Signing: Each adult household resident must be listed on, and sign, the lease agreement form and house rules prior to moving into DEVELOPMENT'S NAME. Additionally, the Resident Manager must pre-approve of and perform a new income certification for any change in the number of people living in a unit. The Resident Manager shall be responsible for carefully explaining all terms at the time the lease and rules are signed. Particular attention should be given to rules that are most commonly violated in the development. Adequate time is to be spent during the orientation to make sure residents understand their basic responsibilities as per the rules and regulations.

Leases have an initial term of 6 months, after which time they are automatically extended on a month-to-month term. Each new resident must sign a "Low-income Lease Rider", for purposes of the Low Income Housing Tax Credit program that is considered a part of the lease. At this time, the new resident will also fill out and

sign a "Certification of Resident Eligibility" form to certify that they have provided true and complete documentation of all amounts and sources of income and student status. A signed copy of all lease and documents is kept in the resident's file in the management office and a second copy of the lease, lease addenda, and rules and inspection documents, are given to each new resident.

At the time of document execution, the Resident Manager should get information regarding emergency contact persons, plus the resident's home phone number, if applicable, which will be retained in the resident's file in the management office. (LIST WHO) should consider the information in the resident's file to be confidential. However, if necessary, information is to be provided for reports to funders and limited partners, and for entry into resident databases.

3. Payment of Initial Rent and Security Deposit: Before receiving the keys to their units, residents must pay rent for the current month. Their rent is pro-rated for the month in which they move-in, if their move-in date is other than the 1st of the month. For subsequent months, they will pay their full rent. Only a money order or cashier's check will be accepted for payment of the security deposit and first month's rent.

In addition, it is the policy of (LIST WHO) that all new residents must pay a security deposit not to exceed one month's rent. However, at the discretion of (LIST WHO) the residents may pay their security deposit in two monthly installments, with the first installment being no less than half of the security deposit amount.

4. Door Locks/Keys: Each resident is to receive four keys at the end of the orientation session: Two unit keys; one laundry room key; and one key to their mailbox. Residents are to be informed that they are not to change any locks themselves. If a lock needs to be changed due to malfunction, they should make a maintenance request to the Resident Manager, who will see that it happens. Under no circumstance is a resident to install his or her own locks.

The Resident Manager will keep a duplicate set of keys for each unit, plus a set of master keys in a locked case that is hidden from view. Individual unit keys and master keys will be coded so they do not have the exact unit shown on them or note that they are masters, for added security in the event they are stolen. (LIST WHO) will keep a set of master keys at their office. The LLC, representing the owner, will keep one set of master keys.

B. Annual Resident Income Re-certifications:

Residents' incomes are to be verified and certified annually to meet the requirements of the Low-Income Housing Tax Credit program. This process will start 90 days prior to a resident's annual certification date. The Resident Manager will request income and asset information from residents regarding their assets and anticipated income for that calendar year. They will also sign income and asset verification forms for third-party written verifications. Once all

verifications are received, residents are required to sign a certification form that they have provided true and complete information about all sources and all amounts of their incomes.

V. RENT COLLECTION

A. Rent Collection Procedures:

Rent is due and payable on the first day of each month. Rents are to be paid to the Resident Manager either in person or by mail. Rent may be paid by personal check, cashier's check, or money order. If a personal check is returned for insufficient funds, the resident will be required to pay a \$15 fee for a returned check, in addition to a \$10 late rent fee; they must pay the rent due for that month by a money order or cashier's check. If a second check fails to clear the bank within the next twelve month period, the resident will lose their privilege of paying by personal check and will be required to pay rent by money order or cashier's check.

B. Handling of Rents and Other Payments From Residents:

Each time a resident pays any rent, deposits or fees it is the Resident Manager's responsibility to immediately write a receipt using the one-write peg-board system (which simultaneously records the payment on the resident's ledger card and on a cash receipts journal page) or an electronic receipt should the aforementioned system be computerized. For security, the Resident Manager should also immediately stamp the back of the checks with the development's bank account endorsement stamp and store it in a safe place. The Resident Manager should make weekly deposits of rents, security deposits, or fees received. After making the deposit, the Resident Manager will send to the (LIST WHO) Inc. accounting department a copy of the peg-board one-write system's journal page showing the transactions that were deposited, a copy of bank deposit slip and a copy of the confirmation of deposit from the bank. Or, the Resident Manager can send the abovementioned items through use of an electronic rent processing system.

C. Late Rent:

Rent will be considered late if not received by 5:00 p.m. on the fifth day of the month and the resident will be responsible for paying a \$10 late fee. If a resident has not paid rent by the third of the month, the Resident Manager will give the resident a "Reminder Notice". If a resident has not paid their rent by close of business on the 5th of the month and the resident has not spoken to the Resident Manager regarding making an accommodation in a hardship situation to permit paying the rent after the 5th, a "3-day Notice to Pay Rent or Quit" will be issued by the Resident Manager on the 6th of the month. Normally partial rent payments will not be accepted, unless the resident can provide satisfactory evidence that they are unable to pay the full rent and that the balance will be received by a mutually agreed-upon date.

Any extensions granted by the Resident Manager's supervisor for payment of rent should be documented, in writing. Both the resident and Resident Manager should sign this, with a copy given to the resident. The property management supervisor will also have the authority to waive the late fee. Normally, a Late Rent Payment Pledge is executed only if the reason for a

resident's inability to pay full rent on time is for a reason beyond the resident's control and it is not a habitual occurrence. If the agreement is not honored, a 3-day Notice to Pay Rent or Quit will be immediately issued and served on the resident by the Resident Manager.

D. Rent Increases:

Residents' rents may be increased, as approved by The LLC through its approved budget. Under no circumstances will the rents be increased during the first six months of the resident's initial 6-month lease. After the initial 6-month lease has expired, the resident reverts to a month-by-month rental agreement and the Resident Manager will issue a "Change of Terms of Tenancy 30 Day Notice" form that informs the resident of their new rent amount and the effective date. This notice must be sent or delivered to residents at least 30 days prior to the 1st of the month in which the rent increase will commence. The amount of rent increases will generally be determined by increases in operating costs and will not exceed the maximum levels allowed by the Federal Low-Income Housing Tax Credit Program.

VI. MAINTENANCE

A. Custodial and Grounds Maintenance:

Custodial and grounds maintenance involve a planned program of routine daily, weekly and monthly activities to maintain the cleanliness, healthfulness and appearance of the property. The Resident Manager and maintenance workers perform custodial maintenance. Duties include: daily site inspections, cleaning of the laundry rooms and community rooms, pickup of litter on the grounds, and generation of written maintenance service requests based on the Resident Manager's and maintenance worker's own inspections and observations, and based on legitimate written requests submitted by residents.

The daily, weekly and monthly common area cleaning is the responsibility of the Resident Manager, maintenance worker, or by outside contractors when applicable:

Daily (Weekdays):

- * Patrol site, pickup litter and remove shopping carts.
- * Sweep clean litter/debris from laundry rooms/community rooms and empty all wastebaskets. Mop/vacuum the laundry/community rooms, clean washers and dryers, and dust sills on Monday, Wednesday and Friday.
- * During the daily patrols of the entire site to pick up litter, also inspect for any damage or malfunctions; write a maintenance service request for any problems found.

Weekly:

- * Hose or sweep down sidewalks and trash dumpster area. (During months when there is a substantial amount of rain, hosing down sidewalks may occur less frequently.)
- * An evening lighting inspection to identify and replace any burned out light bulbs.
- * A contract gardener performs landscaping maintenance including weeding, tree and shrubbery trimming and spraying.
- * Monitor work performed by contract gardener; report problems to the Property Supervisor.

The Resident Manager's and maintenance workers' work is to be supervised, monitored and inspected by the Property Supervisor on a monthly basis.

Bi-weekly:

- * Inspect landscape sprinkler system to identify any broken heads, lines or other malfunctions; do a work order and repair any problems found; reset timer, if needed.

B. Emergency Maintenance:

An emergency involves damage, breakdown or malfunction of a system or building component that may pose an immediate threat to the health or safety of residents or the structure. Immediate response is needed to abate hazards that pose threats to persons or property.

To report emergencies, residents may come to Resident Manager's residential unit/office either during or after normal office hours. Residents may also directly call the management company's 24-hour number. If the Resident Manager and maintenance person are off duty, residents will have the phone number of the police and fire department. The property manager has a list of area contractors to call for immediate response to an emergency situation.

The Resident Manager, maintenance workers or Property Supervisor are responsible for determining whether the problem is actually an emergency and, if so, for abating the problem or arranging for a contractor to come to the property to make the repair.

Residents should be informed of these procedures and be provided with the relevant phone numbers during their orientation and at resident meetings and activities (see section XI-D).

During orientation, the Resident Manager is to explain to residents what constitutes an emergency and what does not. For example, fires, floods, gas leaks, water or electric service interruption or sewer blockages, roof leaks, refrigerator failure, broken windows or doors on the ground floor that pose a security risk to residents and to the building would constitute an emergency.

A leaky faucet, broken second story window in the spring, summer or fall, a closet door off its track, or a stopped-up toilet where there is another functioning toilet in the unit would not constitute an emergency. While some of them might be "urgent," these types of problems normally could wait until the next workday to be fixed.

For fire emergencies, the Resident Manager or residents should call 911 to reach the fire department. After calling the fire department, and if the fire is small and it can be put out safely by a resident, Resident Manager or maintenance worker using one of the fire extinguishers mounted on the side of the buildings or provided in their unit, it may be done. If there is still a fire when the fire department arrives, it is the fire department's responsibility to put out the fire. The Resident Manager should also call the Property Supervisor to report the emergency and any damage that occurred. It is the Property Supervisor's duty to provide notification to The LLC of the emergency and any damage.

If residents lose their keys or are otherwise locked out of their units between 8 a.m. and 5 p.m., they may go to the Resident Manager's office to be let into their unit or get a replacement key for \$5. The first time a resident is locked out during the day, this assistance is free of charge. For subsequent times, the resident is charged \$5 for the service. If the lockout is between 5 p.m. and 10 p.m., and the Resident Manager is available to unlock the unit, a \$10 fee is charged. If the lockout occurs between 10 p.m. and 8 a.m., the resident has the option of attempting to contact the Resident Manager to let them in, for the \$10 fee, or if the Resident Manager cannot be reached, residents should call a local locksmith, at their own expense.

C. Corrective Maintenance:

Corrective maintenance involves repairs or replacement of items that are not working or damaged and are based on service requests from residents or noted during unit inspections. Both should be documented on work orders.

Residents are to come to the Resident Manager's office or call the Resident Manager to make a maintenance service request. The Resident Manager will then fill-out a three-part maintenance work order form to give to the maintenance worker and establish the priority in which it should be handled. Based on their own inspections, the Resident Manager and maintenance worker should also fill-out maintenance work order forms. Other than routine custodial and grounds maintenance, all maintenance work performed on DEVELOPMENT'S NAME must be documented on maintenance service request forms. Upon completion, one copy is to remain in the maintenance worker order book, one copy is to be placed in the unit's maintenance file, and one copy should be given to the resident, if applicable. Additionally, all maintenance requests should be dated at the time they are received and at the time the work has been completed.

A priority system is used for handling corrective maintenance items, based on the seriousness of the problem:

Emergency items, as noted above, must be abated immediately and should be repaired within 24 hours. Graffiti and shopping cart removal are to be considered an emergency item.

Urgent items are problems that involve a major inconvenience, discomfort or hardship to residents and/or could result in further deterioration to the property, if left unattended. Normally, these requests should be handled within 1 to 2 workdays.

Routine items are situations that warrant repair, but are not of an urgent or emergency nature. They also include cosmetic improvements requested by residents or the Resident Manager. These should be handled within 3 to 5 workdays of the request, depending on the nature of the job.

When filling out a work order for a resident, where work must be done within the resident's unit, the Resident Manager should request written consent by the resident for management to enter the resident's unit when they are not present. If the resident wants to be present when

someone is working on the problem, the resident manger will attempt to schedule an appointment with the resident prior to scheduling the work.

If the nature of the work requires the skills of a licensed plumber or electrician, the Resident Manager is responsible for calling the appropriately skilled contractor from an approved list. The Resident Manager will also be responsible for scheduling an appointment with the resident, only if applicable, and the contractor.

In the event of emergency or urgent work that needs to be done, management may enter the unit without the resident being present. In these cases a notice is left for the resident indicating the time the unit was entered and the reason.

D. Vacated Unit Turnovers:

Turnover maintenance involves securing, cleaning and redecorating vacated units for occupancy by new residents. The type and amount of work performed is to be determined by the Resident Manager and maintenance worker upon performing a move-out inspection after the former resident has vacated the unit on the move-in/move-out "Inspection Report" form. The amount of work needed will depend both on the condition the former resident left the unit in and whether a preventive maintenance or replacement item, such as complete unit repainting or re-carpeting, is scheduled for the near future. Deadbolts (including locks and drums) are replaced on unit exterior doors after resident moves out. The keys will then need to be re-coded.

The Resident Manager and maintenance worker perform cleaning and repair work on vacated units, unless there is a problem or repair where a special trades worker is required. In this instance, the Resident Manager or maintenance worker will call the trade's person and arrange to have them do the work. All unit turnover work should be documented with work orders noting the time spent and cost of materials used. If there are cleaning, repairs or replacements necessary that are beyond "normal wear and tear", the appropriate costs are deducted from the former resident's security deposit and detailed on the unit vacate report mailed to the former resident.

Unless major damage has been done to the unit or substantial replacements are necessary, the normal standard for preparing a unit for re-renting should be within 5 workdays of the time it was vacated.

E. Preventive Maintenance:

Preventive Maintenance involves a program of planned inspections and servicing intended to reduce the frequency and severity of breakdowns of building systems and also helps to preserve and extend the useful life of building equipment and fixtures.

Management is primarily responsible for performing inspections and scheduling appropriate servicing of common area equipment and for units' space heaters and hot water heaters.

Residents also have an important role in the preventive maintenance program by properly using and cleaning certain appliances and fixtures in their units. Residents should be taught how to use and clean their stove and vent, refrigerator, disposal, and flooring at the time of their initial orientation and/or unit inspection. Their resident handbooks will also contain written information regarding the use and care of these things for their future reference.

The following summarizes the management, owner's, contractor's and resident's responsibilities in the DEVELOPMENT'S NAME preventive maintenance program:

Daily:

Maintenance Worker/
Resident Manager:

Inspect the site each weekday; document any abnormal or hazardous conditions, any damage, or any special maintenance needs on work orders; correct problems.

Residents:

Clean off any spillage on range/ovens and refrigerators. Porches should be maintained and kept free of debris; parking spaces should be kept free of oil and debris. Take all trash to dumpster. Wash dishes and cover or refrigerate all food to eliminate potential for vermin infestation.

Weekly:

Residents:

Mop linoleum floors. Vacuum carpets.

Bi-weekly:

Maintenance
Worker:

Test lawn sprinkler systems to make sure they are functioning properly; repair any leaks, broken heads or malfunctions.

Monthly:

Pest Control
Contractor:

Spray exteriors of all buildings.

Quarterly:

Pest Control
Contractor:

Spray interiors of 28 units each quarter; this will result in all interiors of all buildings sprayed for insects at least once per year.

Residents:

Wash/de-grease aluminum range hood filter. Wash surface of range hood. Clean inside surface of refrigerator.

Semi-Annual:

Resident Manager/
Property Supervisor:

Conduct a semi-annual inspection of all units to check that all smoke detectors are attached and functioning; check for any malfunctions or damage within units including all water fixtures and appliances;

check to assure that a reasonable standard of housekeeping is being maintained by residents. If housekeeping problems are found, resident's will notified verbally and in writing. The resident will be provided with a written Lease Violation and notified that more frequent unit inspections will be scheduled. Residents are to be given a written "Notice to Inspect Premises" at least 24 hours prior to the inspections.

Property Supervisor: Confirm maintenance records of fire extinguishers.

Resident Manager,
Maintenance Worker,
Property Supervisor,
Contractors:

Inspect all unit HVAC systems during semi-annual inspection and replace filters as needed.

Inspect all unit hot water heaters and related pipe connectors and valves for leaks during the semi-annual inspection; test temperature-pressure-relief valve and replace, if necessary. Check gas vent duct and clean, if necessary. Drain water heater to remove sediment if necessary.

Inspect all unit refrigerator condenser coils and water pans during semi-annual inspection.

Annual:

Resident Manager,
Maintenance Worker,
Property Supervisor,
Contractors:

Inspect driveway/parking lot paving; seal-up any alligator cracks found.

Inspect condition of concrete walkways; order steam cleaning, if necessary.

Inspect and clean out, if necessary, roof gutters and drains and wash the outside of all second-story windows.

Inspect laundry room; repaint as needed, but not less than every three years.

Evaluate condition of landscaping; order replacement planting, pruning, skinning and trim of trees, as needed and appropriate.

Residents: Clean mini-blinds. Clean carpets, if needed.

F. Major Maintenance & Replacements at Periodic Intervals:

Resident Manager,
Maintenance Worker,
Property Supervisor,

Contractors: Repaint unit interiors every 5 years, or earlier if necessary upon unit turnover.
Re-stucco the building exteriors every 25 years (replacement reserve item).

Refinish kitchen and bathroom cabinets every 20 years.
Replace carpeting every 8 to 10 years, or earlier, if necessary upon unit turnover (replacement reserve item, unless replaced and paid for with security deposits).

Replace tile floors at least every 20 years (replacement reserve item).
Replace ranges every 20 years; and refrigerators every 15 years, as needed (replacement reserve items).
Replace blinds after 7 years, or as needed at unit turnover.
Replace hot water heaters at least every 12 years, if needed (replacement reserve item).
Repair or replace tar and gravel on flat roof areas after 12 years; replace pitched roof tiles after 40 years (replacement reserve item).
Slurry coat and re-stripe parking area at after 6 years (replacement reserve item).
Replace screens after 5 to 7 years as needed (normal maintenance item).

VII. FISCAL MANAGEMENT

A. Accounting Staffing and Practices:

The (LIST WHO) accounting department handles posting and payment of the DEVELOPMENT'S NAME income and expenses. Records are kept on a modified accrual basis and comply with generally accepted accounting practices.

In addition, a CPA firm does an annual audit for the DEVELOPMENT'S NAME investors, as required by the limited partnership agreement and the Agency. The CPA is also responsible for preparing the required IRS tax returns and documents to enable limited partners to receive their tax credit benefits. The source records for development income and expenses will come from the MAAC Property's ledgers and journals.

B. Check Issuance and Approval for Expenses:

All purchases and payments for project expenses are made by check from (LIST WHO) accounting department. Checks are issued only in receipt of an invoice and a check request approved by the Property Supervisor and Resident Manager. All invoices are sent directly to (LIST WHO) after Resident Manager approval. The Resident Manager's approval is not needed for routine expenses such as monthly utility bills and mortgage payments. For other invoices, the Resident Manager must approve them and make a check request. The Resident Manager will send (LIST WHO) any copies of signed invoices or packing slips to verify

delivery of materials, fixtures or appliances that are received by the Resident Manager or maintenance worker. DEVELOPMENT'S NAME has accounts that the Resident Manager is authorized to use to purchase materials for the development. The Resident Manager also has a \$200 petty cash fund to use for small expenditures for the property. The Resident Manager is to submit the receipts and vouchers explaining the use for purchases from the petty cash fund monthly to (LIST WHO) accounting department in order to get the fund replenished.

The Resident Manager must track all expenditures that are caused by a resident's breach of lease, neglect, or willful misconduct. Resident Manager, on a monthly basis, will bill the resident according to standard billing procedures.

Except in emergency situations, the (LIST WHO) shall secure approval from The LLC for any non-budgeted expenditure or contract in excess of \$3,000.

C. Accounts:

DEVELOPMENT'S NAME has 2 separate bank accounts: general operating (checking) and security deposits (interest-bearing savings). Replacement reserves and operating reserves requirements are met through impound accounts held with Bank of America. Reserve deposits occur through monthly mortgage processing via additional fees added to the mortgage payment amount. These deposits occur pursuant to the amounts specified in the approved annual operating budget and in compliance with partnership, lender and regulatory agencies. Statements for these accounts are to be reconciled monthly by the (LIST WHO) accounting staff.

(LIST WHO) will transfer funds into and out of the "Security Deposit Account" as necessary. After a resident vacates their unit, there is a move-out inspection. A "Vacate Report" is prepared by the Resident Manager and sent to (LIST WHO) within 3-days of the date of move-out. The inspection form and statement will identify costs charged to the resident's security deposit. (LIST WHO) will then complete this form and send a copy of it to the departed resident. Depending on the amount of deductions, a full security deposit refund, a partial refund or no refund is sent to the departed resident. The Vacate Report will document actual costs, if any, which were deducted from the security deposit. A copy of the Vacate Report and a refund check, if there is one, must be sent to the departed resident within 21 days of the date of move out. It should be sent to the departed resident's forwarding address, if the departed resident has provided one to the Resident Manager. If no forwarding address has been provided, it should be sent to the departed resident's last known address.

The procedures for withdrawing funds from the *replacement reserves* account are as follows:

1. (LIST WHO) notifies the Directors of The LLC that funds are needed, and provides information regarding: a) the amount of funds needed; b) the scope of the maintenance and repair work to be performed; c) an explanation for any work to be done which is unusual or is premature as determined by the maintenance benchmarks listed in section VI - F. of this agreement.

2. The Director of Asset and Property Management will obtain the appropriate approval from its funders / lenders / applicable agencies.
3. The Director of Asset and Property Management will notify (LIST WHO) that appropriate authorization has been obtained and that funds may be transferred.

The procedures for withdrawing funds from the *operating reserves* account are as follows:

1. (LIST WHO) notifies the Directors of The LLC that funds are needed, and provides information regarding: a) the amount of funds needed; b) an explanation regarding the inability of the general operating account to cover the expenditure; c) an explanation for any work to be done which is unusual or is premature as determined by the maintenance benchmarks listed in section VI - F. of this agreement and cannot be paid out of replacement reserves.
2. The Director of Asset and Property Management will obtain the appropriate approval from its funders / lenders / applicable agencies.
3. The Director of Asset and Property Management will notify (LIST WHO) that appropriate authorization has been obtained and that funds may be transferred

D. Budgets:

The DEVELOPMENT'S NAME fiscal year begins on January 1st and ends on December 31st. By September 15th, prior to the beginning of each new fiscal year, (LIST WHO) is to develop a proposed annual operating budget estimating the next fiscal year's operating income and expenses and any recommendations for rent or fee increases. By not later than October 1st, this budget should be submitted to the Director of Asset and Property Management of The LLC who will review the proposed budget with (LIST WHO) and any appropriate, agreed-upon changes are made. The proposed budget should then be submitted to the Director of Asset and Property Management for approval prior to October 15th.

Further communication of budget provisions/changes is between the Director of Asset and Property Management of The LLC, The LLC's board executive committee, and all-applicable lenders and funders. The Director of Asset and Property Management of The LLC will obtain and transmit the approved budget back to (LIST WHO) by not later than November 20th so that the MAAC Property's staff can input the budget figures into the computer and begin using them as of January 1st. Any rent increases during the budget year should then be based on this budget, with written notices of rent increases sent or delivered to residents at least 30 days before the rent increases take effect.

The (LIST WHO) is to produce and send to The LLC's Directors monthly income-expense reports and budget variance reports based on adopted budgets. The Director of Asset and Property Management should carefully review these monthly reports and address any problems indicated by significant variances (net cumulative change of 10% in operating income or expenses) from budgeted income or expenses at its monthly meetings with (LIST WHO).

E. Reports:

(LIST WHO) accounting department is responsible for preparing or causing to be prepared reports for the managing general partner. These include:

1. By the 15th of the following month an income and expense statement; cash flow report; monthly budget variance report; a report of rent delinquencies, vacancy losses and turnover rates; a disbursements summary; a status report of all development accounts which should be reconciled monthly; bank statements; and a reserve tracking report for all required reserve accounts.
2. An annual Development Status Report that must be submitted to the California Tax Credit Allocation Committee by the end of each January, if required.
3. Quarterly development trial balance sheets which must be submitted to the Directors of The LLC by April 15, July 15, October 15 and December 15.

The LLC will prepare or cause to be prepared the following reports:

1. Three quarterly financial reports by April 15, July 15 and October 15 submitted to the Limited Partner, on behalf of the limited partner investors, pursuant to requirements of the Low Income Housing Tax Credit Program and regulatory agreement.
2. One annual financial report and rent roll submitted to the Limited Partner by January 15. This report shall contain all of the information required in the quarterly reports, plus the "Managing Agent's Low-Income Leasing Certification".
3. An annual audit of financial statements performed by a CPA for the Agency and limited partners to be completed within 60 days after the end of each fiscal year.
4. Income tax documents and forms, prepared by the CPA who performed the audit, for the limited partners to be able to receive their tax credits.

F. Property Tax Exemptions:

Starting in January of each year, (LIST WHO) should have all residents sign forms from the Alameda County Tax Assessors Office certifying their low-income status. The LLC's Directors will then use these forms, along with all other necessary documentation, to file a request for a welfare property tax exemption for the DEVELOPMENT'S NAME property by not later than February 15 of each year.

VIII. RISK MANAGEMENT

A. Insurance:

The LLC is responsible for securing insurance coverage that will protect DEVELOPMENT'S NAME and the Partnership, and insure compliance with regulatory documents and requirements, and permanent lender loan agreements.

(LIST WHO) is to carry the following insurance:

1. General Liability policy (\$1 million - comprehensive Liability).
2. Employee Fidelity Bond Policy in an amount of not less than \$100,000.

3. Workers Compensation Insurance covering employees of the (LIST WHO).

B. Resident and Employee Safety:

The Resident Manager and maintenance person must be continually vigilant regarding potential hazards to the residents and employees of DEVELOPMENT'S NAME. Potentially hazardous or dangerous situations should be corrected immediately.

It is the responsibility of (LIST WHO) to provide safety training for both the Resident Manager and maintenance worker to minimize the risk of harm or injury to them on the job. This includes safe practices for lifting, using ladders, or using any chemicals that could be potentially harmful. Employees must be required to read and follow the recommendations of Material Safety Data Sheets provided with any chemicals. The employee prior to dispensing or using them must obtain all requisite certifications for use of chemicals.

It is the responsibility of (LIST WHO) to provide and post information to DEVELOPMENT'S NAME employees regarding their rights and benefits and responsibilities under the State Workers Compensation statutes. Information should be posted in the management office regarding a clinic employees may go to if they should sustain an on-the-job injury.

C. Incidents Involving Harm, Damage or Theft:

Whenever there is an incident involving a resident or employee or the physical property which results in any harm, damage or theft, an "Incident Report" should be filled out by the Resident Manager. A copy of this report should be immediately faxed to the Property Supervisor and the The LLC Directors. Any incident involving an actual or potential insurance claim or any incident involving an actual or potential filing of a lawsuit should be communicated to the above persons immediately. (LIST WHO) is responsible for ensuring that any insurance claim is submitted to the insurance agent, and for following up on the claim, once submitted.

IX. EVICTIONS

A. Policy:

It is the Partnership's goal that (LIST WHO) minimize evictions through careful resident selection, clear communication with residents regarding their responsibilities and expected behavior, counseling and appropriate agreements. However, sometimes it is necessary to use the legal eviction process when a resident refuses to pay rent, or when a resident's behavior adversely affects the health and safety of others, damages the property or interferes with the ability of (LIST WHO) to manage and operate DEVELOPMENT'S NAME.

B. Rent Payment Problems:

All rents are due and payable on the 1st day of the month, except if the 1st day of the month falls on a Sunday or legal holiday. Rent will not be considered late until close of business on the fifth day of the month. A reminder notice is given to residents who have not paid rent on

the 3rd day of the month. The decision of whether to authorize a late rent payment extension or to serve a 3-Day Notice to Pay Rent or Quit must be made by the Resident Manager on the morning of the sixth day of the month, if rent has not been received by the close of business at the end of the fifth day of the month.

Residents are unable to pay rent, when due, for a variety of reasons--some of which they are responsible for, others which they are not. It is The LLC's policy to avoid evicting persons for late rent payment problems which are clearly beyond their control whenever possible. If a resident is making a good faith effort to pay the rent, they should be given an appropriate extension.

1. Problems Beyond a Resident's Control: Problems with paying rent on due dates are most commonly caused by delays in delivery of public benefit checks. Alternatively, a resident may have started a new job and the cycle for their first paycheck may be inconsistent with their rent due date.

It is the resident's responsibility to inform the Resident Manager of the problem before the 6th day of the month. If the Resident Manager is convinced that the ability to pay rent when due is beyond a resident's control, they will call the Property Supervisor to request a limited time extension for payment of rent on an agreed-upon date. The Property Supervisor also has the authority to waive the \$10 late fee in such cases.

If the resident pays their rent on or before the extension date, the issue is resolved. If the rent has not been paid, and no further extension arrangements have been made between the resident and (LIST WHO) a "3-Day Notice to Pay Rent or Quit" will be served.

2. Problems Not Beyond a Resident's Control or Habitual Late Rent: Sometimes a resident may not pay rent when it is due even though they have the resources to do so. In such instances, or when a resident is habitually late (5 late payments in 12 months), a "3-Day Notice to Pay Rent or Quit" should be served on the 6th day of the month, if the rent has not been paid by close of business of the 5th of the month.

C. Rent Payment-Based Evictions:

A "3-Day Notice to Pay Rent or Quit" will be served naming each known adult resident of the household on the notice. The resident(s) will then have 3 full days following the date of service to pay the rent amount requested on the Notice. If the third day falls on a Saturday or Sunday, or on a legal holiday when the Resident Manager's office is closed, the resident has until the close of business of the next full work day to pay their rent. If the Resident Manager is unable to serve this notice to an adult resident of the unit personally, a copy of the notice should be taped to the front door and another copy should be mailed on the same day to the resident(s). If the Resident Manager is able to serve the notice to an adult resident of the unit, the Resident Manager should also mail a copy of the notice on the same day to the resident(s). After performing the service, the Resident Manager should fill out and sign the "Declaration of Service" form. The Declaration of Service and copy of the Notice to the resident(s) should be placed in the resident's file.

If the full rent has not been paid by the deadline, an unlawful detainer action is to be initiated by a local eviction attorney either designated or approved by The LLC. If an unlawful detainer action is begun, (LIST WHO) will inform The LLC's Director of Asset and Property Management and send or fax to them a copy of the relevant documentation. Once an unlawful detainer action has been filed, rent is not to be accepted from the resident by anyone, except upon the express instructions by (LIST WHO).

D. Resident Behavior Problems:

Upon becoming residents of DEVELOPMENT'S NAME, residents sign a lease and set of rules and are given copies of them. The Resident Manager must, at the time of signing, explain the key provisions of the rules and lease so that residents are clearly aware of behavior standards expected of them.

When there are violations of lease and/or rules provisions, they should be documented, in writing, and copies placed in the residents file. (LIST WHO) response should be dictated by the nature and severity of the violation and whether it is a repetitive occurrence and/or one in a series of minor violations.

1. For initial or minor violations, the Resident Manager should, at minimum, speak to the resident about the violation and record the conversation in writing--noting the date, nature of the problem, and type of behavior expected to resolve it or prevent recurrence in a memo that is placed in the resident's file. The conversation should be low-key and more in the nature of counseling than a reprimand in order to prevent recurrence of the violation in the future.
2. For more serious or repeated violations, in addition to speaking with the resident, the Resident Manager should issue a written Lease Violation to the resident describing the problem and warning the resident that eviction could result, if it is not corrected. A copy of this notice is to be placed in the resident's file.

E. Resident Behavior-Based Evictions:

Where, in the opinion of (LIST WHO) very serious or repeated behavior problems and/or lease/rules violations are likely to warrant the issuance of an eviction notice to the resident, (LIST WHO) will discuss the problem and possibility of a future eviction with The LLC's Director of Asset and Property Management before issuing an eviction notice.

If a resident is to be evicted for violation of rules and/or lease provisions, there must be sufficient written documentation regarding the dates and times of violations, warnings and/or copies of written Lease Violations or other documentation in the resident's file that supports an unlawful detainer action.

If, after several documented warnings and discussions with the Resident Manager or (LIST WHO) the resident continues to violate the terms of the lease or rules, (LIST WHO) will serve a "Notice of Termination". The cause must be stated on the Notice. The date of termination

must be at least 30 days from the date of service, starting with the day after the date of service. The same service of notice and declaration of service procedures noted above apply here.

If the resident has not moved by the end of 30 days, an unlawful detainer action is to be initiated by a local eviction attorney designated or approved by The LLC.

If a resident has inflicted physical harm to other residents, DTCA employees or contractors, or created a serious nuisance or hazard to others, or has engaged in any other illegal behavior, they may be issued a "3-Day Notice to Quit", stating the reason for the eviction. This type of notice would be used, for example, if there has been a conviction for an offense committed at DEVELOPMENT'S NAME such as drug use or sale or assault on another resident. Such cases must be carefully documented for evidence in court and witnesses should be willing to testify in court. The same service of notice and declaration of service procedures noted above apply here.

If the resident has not left the premises by the end of the third day following the date on which a 3-Day Notice to Quit has been served, a local eviction attorney designated or approved by The LLC will initiate an unlawful detainer action.

If a resident has a behavior problem that is a rules/lease violation and is correctable, a Lease Violation will be issued. This type of notice is most often served when there are violations of pet rules, a refusal to provide income verification information, or additional persons living in the unit other than those named on the lease and/or included in the resident's application. The nature of the lease agreement provision and/or rule provision violation and requested behavior change must be clearly stated on the notice. If the resident corrects the problem, the process will cease. If the resident does not correct the problem by the end of the notice period, an unlawful detainer action is to be initiated by a local eviction attorney designated or approved by The LLC.

If an unlawful detainer action is begun, (LIST WHO) will inform the The LLC Director of Asset and Property Management and send or fax to The LLC a copy of the relevant documentation. In any of the above situations, once an unlawful detainer action has been filed, rent is not to be accepted from the resident by anyone, except upon the express instructions by (LIST WHO).

The (LIST WHO) Property Supervisor will keep The LLC's Director of Asset and Property Management informed of the status of any eviction actions.

X. ABANDONED UNITS AND PERSONAL PROPERTY

A. Abandoned Units:

If rent is unpaid for at least 14 days by a resident household that has not been seen or heard from by the Resident Manager since the beginning of the month, and the resident has not informed the Resident Manager of an extended absence, the Resident Manager may enter and inspect the resident's unit. If it is obvious that the resident has removed all personal items of

value and moved-out, management may re-take possession of the unit. If, however, there are belongings of value and there are any indications that all residents have not moved out, the Resident Manager is to post on the unit's front door and mail to the resident at the unit address a "Notice of Belief of Abandonment". If the resident does not respond to the notice within 18 days of the date of mailing and is still absent, the unit will be declared abandoned and management may take possession of the unit to prepare for re-renting.

B. Abandoned Personal Property:

If personal property of value remains in a unit from which a resident has moved voluntarily, been evicted from and locked out by a County Marshal, or has abandoned, state law requires that landlords follow certain procedures before the personal property can be disposed of or sold. The Resident Manager must inventory the property that has been abandoned. Anything that is obviously trash may be disposed of. However, for other possessions left behind that may have use or value, management is responsible for the storage and safekeeping of the property for 18 days after sending a "Notice of Right to Reclaim Abandoned Property" to the former resident at their forwarding address or, if none has been given, to their unit address at DEVELOPMENT'S NAME. The notice includes an inventory list of the items found in the unit by management. The notice informs the resident that they have 18 days to reclaim their possessions after paying a storage fee to reimburse DEVELOPMENT'S NAME for the cost of storage. If the resident does not come to reclaim the property by the end of the 18th day after the date of mailing, the property may be disposed of, sold or given away, if its resale value to a secondhand store is determined by (LIST WHO) to be under \$300. However, if the resale value is determined by (LIST WHO) to be over \$300, the property has to be continued to be stored until it can be sold at a public sale or auction, with proper legal notice of the sale published in a newspaper of general circulation. Sale proceeds will be used to cover costs of removal of aforementioned items.

XI. RESIDENT RELATIONS AND SOCIAL SERVICES

A. Complaints, Grievances and Resolution:

Complaints are accepted with an open mind to improve the operations of DEVELOPMENT'S NAME by all levels of management. The Resident Manager is the primary contact for all resident complaints and grievances.

Grievances or complaints against DEVELOPMENT'S NAME, (LIST WHO) or residents, which are unresolved by the Resident Manager, should be brought to the attention of the Property Supervisor. In the event of extreme cases, when the Property Supervisor is unable to reach a resolution, the problem may be referred to The LLC. Their decision is final. It should be remembered that residency at DEVELOPMENT'S NAME is voluntary and unresolved conflicts may lead to termination of the Lease Agreement.

B. Liability

Neither DEVELOPMENT'S NAME, the Partnership, (LIST WHO) nor any of its staff, officers, directors, or agents is, nor shall they be, liable or responsible either jointly or separately for any loss sustained by any resident or for any other legal claim which may arise from their residency at DEVELOPMENT'S NAME, save only those occasioned by the intentional reckless acts of any of the aforesaid.

C. Resident Privacy and Rights

A relationship of mutual trust and respect is essential for the resident-management relationship to be a positive one. Management will respect resident's rights to privacy and live their lives as they wish, as long as their actions do not pose a nuisance, risk or harm to others or the building and/or violate provisions of the lease and rules. Unless there is an emergency or a need for management to enter a resident's unit to make a repair, residents are given 24 hours written notice before management enters their unit without their direct consent. Management's personal information about residents is to be treated as confidential.

All site and supervisory management and maintenance staff are required to comply with the (LIST WHO) personnel policies and standards for appropriate behavior with residents. No staff person working at DEVELOPMENT'S NAME will show any favoritism to any resident or applicant. No staff person is permitted to have any financial dealings with a resident--including borrowing or lending money and buying or selling goods or services. All persons working at DEVELOPMENT'S NAME are to be trained in appropriate resident relations policies and standards by (LIST WHO)

D. Resident Meetings and Events:

Aside from the monthly meetings of the Residents' Association, it is anticipated that various subcommittees comprising residents from both DEVELOPMENT'S NAME project and surrounding areas will meet periodically. Depending upon each subcommittee's focus, staff from (LIST WHO) and from The LLC will attend these meetings to help facilitate the subcommittees' goal(s). Social events, such as potluck dinners, barbecues, holiday parties, etc. organized by the residents are encouraged with management staff help as appropriate.

E. Crime Prevention Program

Growing concern on the part of (LIST WHO) over the ever increasing national trend of crime, drugs, violence and gang-related activities has prompted the design and implementation of a plan which will hopefully minimize the effects of the aforementioned trends.

Crime prevention experts have determined that the best way to fight the increase in crime is by developing an awareness and resistance on the part of the residents, Board of Directors, visitors, vendors, Sheriff's Department, and all others that the residents and surrounding community will not tolerate crime.

In order to accomplish this, (LIST WHO) continues to host a series of joint meetings and potluck dinners between residents, The LLC residential services, representative from the

Sheriff's Department, and crime prevention specialists. The residents are assisted in the formation of various groups where they have an open forum to discuss and make recommendations to the owner regarding safety, education, security, and other resident issues. Neighborhood Watch programs are implemented and the residents are involved in creating a cohesive community atmosphere in which toleration for criminal activity is not accepted.

An open-door policy is in effect and all residents are able to contact (LIST WHO) or the Resident Manager at any time to report any suspicious activities. It is not a requirement that the residents identify themselves or call the police, although they are actively encouraged to do so. Residents are also involved in the on-going crime prevention program and notified that they can contact the management office in order to protect the property from vandalism. Management notification by residents aware of criminal activity serves as a strong deterrent.

RESERVATION INSTRUMENT

RE 612 (Rev. 1/04)

THIS IS NOT AN OFFER OR CONTRACT TO PURCHASE OR SELL

_____ (hereinafter "Subdivider")

 (Subdivider)
 acknowledges receipt from _____

 (Name)
 (hereinafter "Potential Buyer") of _____

 (Address)
 of the sum of \$ _____ for the reservation of _____

 (Amount) (Lot or Unit Number)
 in _____,

 (Name of Subdivision)
 County of _____, State of California.

 (County)

Subdivider hereby reserves the above-identified lot or unit for Potential Buyer and represents that he will immediately place the funds and a signed copy of this document in the following escrow depository:

ESCROW NAME		STREET ADDRESS (Do not list Post Office box)	
CITY	STATE	ZIP CODE	TELEPHONE NUMBER ()

- This instrument does not create a contractual obligation to buy or sell on the part of either Subdivider or Potential Buyer. Either party may, at any time, cancel this reservation instrument without incurring liability to the other. In the event of cancellation by either party, all funds received towards this reservation will be returned to the potential buyer within two business days.
- If Potential Buyer so requests by completing appropriate instructions below, subdivider will make arrangements with the escrow depository for the earning of interest on Potential Buyer's funds. \$ _____ will be deducted by escrow depository from interest earned as a charge for providing the service to Potential Buyer. The balance of the interest earned will be paid to Potential Buyer or credited to his/her account.
- By initialing here _____, Potential Buyer agrees to the payment of charges as set forth above and requests that the funds be placed into an interest bearing account as follows:

NAME AS ACCOUNT IS TO BE HELD	TAXPAYER IDENTIFICATION NO. (Social Security No.)
-------------------------------	---

- CAVEAT: If the funds are to be placed into an interest bearing account:
 - Escrow depository will not deposit funds into the account on Potential Buyer's behalf — and therefore interest will not accrue — until escrow depository has been notified that Potential Buyer's check has cleared.
 - There may be a delay in returning the funds to Potential Buyer on his request.
 - There may be an interest penalty in the case of an early withdrawal from the account.
 - If after Potential Buyer has received a Final Subdivision Public Report for this subdivision, he enters into a contract with Subdivider to purchase the reserved subdivision interest, the deposit plus interest earned on the deposit, if any, may be applied toward purchase of the subdivision interest with the express authorization of Potential Buyer.
- The price and other terms of purchase of the subdivision interest will be those set forth in a purchase contract if Potential Buyer enters into one after receiving a copy of the Final Subdivision Public Report.

NAME OF SUBDIVIDER		SIGNATURE OF POTENTIAL BUYER	DATE
SIGNATURE OF AGENT		SIGNATURE OF POTENTIAL BUYER	DATE
➤		➤	

RECORDING REQUESTED BY:

CITY OF DUBLIN

When Recorded Mail To:

City Clerk
City of Dublin
100 Civic Plaza
Dublin, CA 94568

Fee Waived per GC 27383

Space above this line for Recorder's use

**SECONDARY UNIT REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

Owner: _____

Property Address: _____
Dublin, California _____

Name of Development: **Development**

This Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants (this "**Agreement**") is entered into effective as of _____ ("Effective Date") by and between the City of Dublin, a public body, corporate and politic ("**City**") and _____ (the "**Owner**"). City and Owner are hereinafter collectively referred to as the "**Parties**."

Recitals

A. Owner is the owner of certain real property that contains a secondary dwelling unit, which is located in the City of Dublin, County of Alameda, State of California and more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the "**Property**"). The Property is located within a residential development project area (the "**Project**") that was subject to the City's Inclusionary Zoning Regulations (Chapter 8.68 of the Dublin Municipal Code), which requires that developments consisting of 20 or more residential units must include a specified percentage of units that are subject to affordability restrictions set forth in a binding agreement recorded against the property.

B. The developer of the Project chose to satisfy its obligations through among other things the construction of 13 secondary units on some of the residential lots in the Project, including on the Property, and requiring the purchasers to enter into regulatory agreements restricting the rents charges for the secondary units to affordable rents, in accordance with the Inclusionary Zoning Regulations.

C. The Parties have agreed to enter into and record this Agreement in order to satisfy the requirements described in the foregoing Recitals. The purpose of this Agreement is to regulate and restrict the occupancy and rents of the Property's Restricted Unit (defined below) for the benefit of the occupants. The covenants in this Agreement are intended to run with the land and be binding on Owner and its successors and assigns for the full term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the Parties hereby agree as follows:

1. Definitions. The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

"Applicable Income Level" means the annual gross income level specified below:

- ☐ Very-low income: 50% or less of Area Median Income.
- ☐ Low-income: 50% to 80% of Area Median Income.
- ☐ Moderate-income: 80% to 120% of Area Median Income.

"Area Median Income" or "AMI" means the area median income for Alameda County, California, adjusted for household size, published periodically by the California Department of Housing and Community Development ("**HCD**") in Section 6932 of Title 25 of the California Code of Regulations ("**Regulations**") or successor provision published.

"Eligible Household" means a household whose gross income does not exceed the Applicable Income Level and that is otherwise eligible to rent a Restricted Unit.

"Qualifying Rent" means a monthly rent which does not exceed one-twelfth of thirty percent (30%) of the Applicable Income Level adjusted for household size, less a utility allowance as specified by the Housing Authority of Alameda County.

"Restricted Unit" means the secondary dwelling unit on the Property that is depicted in Exhibit B and that is reserved for occupancy at a Qualifying Rent in accordance with and as set forth in Section 2.

2. Use and Affordability Restrictions. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with

the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of City.

2.1 Affordability Requirements. The Restricted Unit, if it is rented, shall be rented at not more than Qualifying Rent and occupied by Eligible Households. Owner shall ensure that language is contained in all leases and contracts with tenants executed by Owner that prohibits subleasing of the Restricted Unit.

2.2 Rents for Restricted Units. Rent charged to, and paid by, a tenant for Restricted Units shall be not more than Qualifying Rent. Notwithstanding the foregoing, no tenant qualifying for a Restricted Unit shall be denied continued occupancy of the Restricted Unit because, after admission, such tenant's adjusted income increases to exceed the qualifying limit for such Restricted Unit.

2.3 Non-Discrimination; Compliance with Fair Housing Laws. Owner shall not discriminate against persons or groups of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, familial status, ancestry or national origin in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property. Owner shall each ensure that language prohibiting such discrimination shall be included in all deeds, leases and contracts executed by Owner or its successors and assigns with respect to the Property. Owner shall comply with state and federal fair housing laws in the marketing and rental of the units in the Property.

3. Reporting Requirements.

3.1 Tenant Verification. Owner or its authorized agent shall obtain from each household prior to initial occupancy of each Restricted Unit, and on every anniversary thereafter, written documentation verifying each tenant's eligibility containing all of the following, including additional documentation as City may reasonably require (collectively hereinafter "**Written Verification**"):

- (a) Number of people in the household; and
- (b) Total household income.

Owner or its authorized agent shall retain Written Verification for not less than three (3) years, and upon City's request, shall make the Written Verification available for inspection by City and shall provide copies of the Written Verification to City. Owner or its authorized agent may require each Eligible Household to certify the Written Verification.

3.2 Annual Report; Inspections. Owner shall submit an annual report ("**Annual Report**") to the City in conformity with the requirements of Section 8.68.050.B

of the Inclusionary Zoning Regulations, together with a certification that the Property is in compliance with the requirements of this Agreement. The Annual Report shall, at a minimum, include the following information: (i) identification of the Restricted Unit by address; (ii) the monthly rents charged and proposed to be charged; (v) the number of people residing in the unit; and (vi) the total household income of residents. Upon City's request, Owner shall include with the Annual Report, a copy of the Written Verification Owner obtained pursuant to Section 3.1 above, and such additional information as City may reasonably request from time to time in order to show compliance with this Agreement. Owner shall permit representatives of City to enter and inspect the Property during reasonable business hours in order to monitor compliance with this Agreement upon 24 hours advance notice of such visit to Owner.

4. Term of Agreement.

4.1 Term of Restrictions. This Agreement shall remain in effect in perpetuity.

4.2 Effectiveness Succeeds Conveyance of Property. This Agreement shall remain effective and fully binding for the full term hereof regardless of any sale, assignment, transfer, or conveyance of the Property, unless this Agreement is terminated earlier by City in a recorded writing.

4.3 Reconveyance. Upon the termination of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge the terms of this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects its interest in the Property to the covenants and restrictions set forth in this Agreement. The City and Owner hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of Owner and City, regardless of any sale, assignment, conveyance or transfer of the Property or any part thereof or interest therein. Each reference in this Agreement to a specifically named party shall be deemed to mean a reference to the successor of each such Party. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Property (other than the tenants of the individual dwelling units within the Property) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to City an instrument in recordable form signed by the parties to such contract, deed, ground lease or other

instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby.

Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property in favor of City.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner shall be responsible for all management functions with respect to the Property, including without limitation the selection of tenants, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Except as City may otherwise agree in writing, City shall have no responsibility for management or maintenance of the Property. The contracting of management services to a management entity shall not relieve Owner of its primary responsibility for proper performance of management duties.

6.2 Intentionally Omitted.

6.3 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner shall at its own expense, maintain the Property in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Property (including without limitation, the residential units, common areas, landscaping, driveways and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property. Owner shall prevent and/or rectify any physical deterioration of the Property and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair.

6.4 Intentionally omitted.

6.5 Intentionally omitted.

6.6 Intentionally omitted.

6.7 Intentionally omitted.

6.8 Property Damage or Destruction. If any part of the Property is damaged or destroyed, Owner shall repair or restore the same as soon as practicable, consistent with the occupancy and rent restriction requirements set forth in this Agreement.

7. Recordation; No Subordination. This Agreement shall be recorded in the Official Records of Alameda County. Owner hereby represents, warrants and covenants that with the exception of easements and restrictions of record, absent the written consent of City, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Property. If at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against the Property in position superior to this Agreement, upon the request of City, Owner hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section, and to provide such evidence thereof as City may reasonably request.

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer. During the term of this Agreement, except as permitted pursuant to this Agreement, Owner shall not make or permit the occurrence of any conveyance, sale or lease (except as to individual dwelling units) of the Property without the prior written consent of the City; provided however City shall not withhold its consent to the sale, transfer or other disposition of the Property, in whole or in part, provided that (i) the transferee expressly assumes all obligations of Owner imposed by this Agreement; (ii) the transferee executes all documents reasonably requested by the City with respect to the assumption of the Owner's obligations under this Agreement; and (iii) the Owner has paid the City a Affordable Home Ownership Fee to cover the City's costs associated with the transaction. The amount of the Affordable Home Ownership Fee is currently \$1,500 per transaction, and the applicable amount shall be as established from time to time by the City Council

8.2 Encumbrances. Owner agrees to use best efforts to ensure that any deed of trust secured by the Property shall contain each of the following provisions: (i) the holder of such deed of trust shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner (provided however, the failure to do so shall not impair such holder's rights and remedies); and (ii) City shall have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure, extended by an additional thirty (30) days.

8.3 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, City shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Property that such violation has occurred.

9. Default and Remedies.

9.1 Events of Default. Owner's failure to cure any default in performance of Owner's obligations under this Agreement within thirty (30) days following City's delivery of a notice of default shall constitute an Event of Default hereunder and shall entitle the City to proceed with any of the remedies described below. Notwithstanding the foregoing, if the default is such that it is not reasonably capable of being cured within thirty (30) days, an Event of Default shall not arise hereunder if Owner commences to cure the default within 30 days and thereafter prosecutes the curing of such default to completion with due diligence and in good faith, but in no event later than ninety (90) days after receipt of City's notice of default or such longer period as City may agree to in writing.

(a) Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;

(b) For violations of obligations with respect to rents for Restricted Units, impose as liquidated damages a charge in an amount equal to the actual amount collected in excess of the Qualifying Rent;

(c) Pursue any other remedy allowed at law or in equity.

9.2 Remedies Cumulative. Each of the remedies provided herein is cumulative and not exclusive. The City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnification. Owner shall defend (with counsel approved by City), indemnify and hold the City and its officials, officers, directors, employees, and agents (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including reasonable attorneys' fees) arising from or in connection with or in any way related to: (i) Owner's performance or failure to perform any obligation required by this Agreement; or (ii) any act or omission by Owner, or any of Owner's contractors, subcontractors, agents, employees, licensees or suppliers related to the Property, except to the extent arising from the gross negligence or willful misconduct of such Indemnified Party. The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by City of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by City to take action on any breach or default hereunder or to pursue any remedy allowed under this

Agreement or applicable law. No failure or delay by City at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- (a) personal delivery, in which case notice is effective upon delivery;
- (b) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt;
- (c) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (d) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a nonbusiness day.

City:

City of Dublin
100 Civic Plaza
Dublin, CA 94568
Attention: City Manager
Facsimile: (925) 833-6651

Owner:

At the address of the property

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.6 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council.

11.7 Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Owner or its successor or for any obligation of City under this Agreement.

11.8 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

11.9 Time is of the Essence. Time is of the essence in the performance of this Agreement.

11.10 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. The exhibits attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first written above.

OWNER

CITY OF DUBLIN

By: _____
Richard C. Ambrose
City Manager

Attest: _____
Kay Keck
Interim City Clerk

Approved as to form:

Elizabeth H. Silver
City Attorney

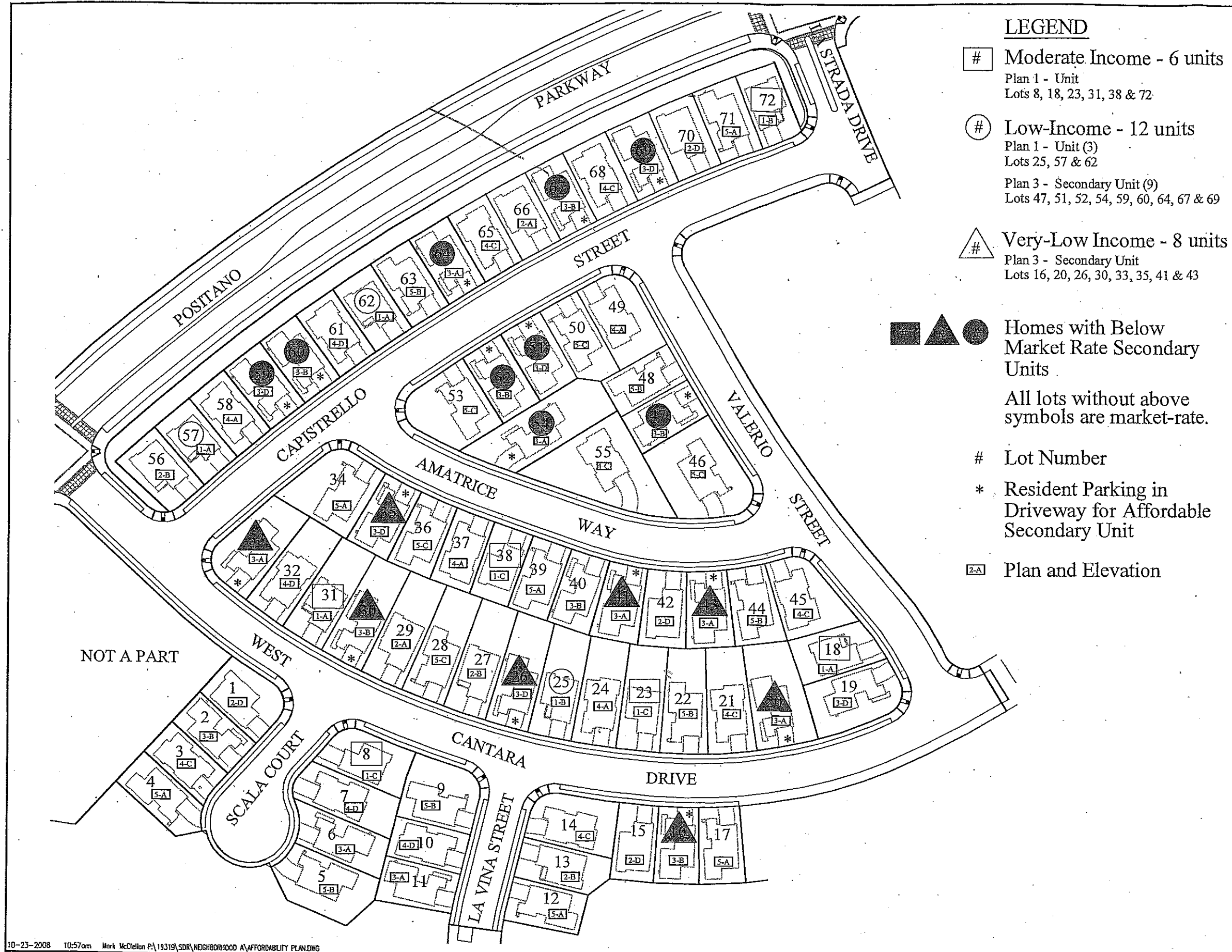
SIGNATURES MUST BE NOTARIZED.

Exhibit A

PROPERTY DESCRIPTION

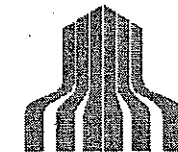
(Attach legal description.)

Exhibit B



Positano

DUBLIN, CALIFORNIA



BRADSTOCK & LOGAN SERVICES, INC.
4155 BLACKHAWK PLAZA CIRCLE, SUITE 201,
DANVILLE, CA 94506
TEL: (925) 736-4000 FAX: (925) 648-5701

SITE
DEVELOPMENT
REVIEW

INCLUSIONARY
HOUSING
EXHIBIT

March 2007
Rev. May 2008
Rev. Oct. 23, 2008



0' 50' 100' 200'

MACKEY & SOMPS
Civil, Mechanical, Electrical, Plumbing, and Surveying
Pleasanton, CA (925) 723-9900

SHEET NUMBER

O3

19319-0



EXHIBIT C

Secondary Unit Annual Survey

PLEASE FILL OUT FORM COMPLETELY AND RETURN BY DATE

TO:

ATTN: HOUSING DIVISION

CITY OF DUBLIN, 100 CIVIC PLAZA, DUBLIN, CA 94568

Owner Name(s): _____

Location of Property: _____

Daytime Phone Number: _____

- Your Secondary Unit is designated to be rented to a (*circle one*) income household.

VERY-LOW

LOW

MODERATE

- The maximum rent that can be charged for the Secondary Unit is: \$_____

.....

1) Is your Secondary Unit being rented at this time? YES NO

1a) If so, what is the current rent being charged? (*Please attach copy of most recent rent check*) \$_____

2) Current household size of the Secondary Unit is (*circle one*): 1 2 3 4 people.

3) What is the total household income of the Secondary Unit? \$_____

4) I understand that there are restrictions on my property and if I choose to sell or refinance this coming year, I must first contact the City of Dublin Housing Staff at (925) 833-6610.

If I choose to sell my property, a City Administration fee of \$1,500 will be assessed to the seller at the time of sale of the unit. In addition, if the City is asked to subordinate, a \$200 fee will be assessed for document preparation.

In affixing my/our signature/s below, I/We affirm that all information provided in this form is true and correct. I/We understand that if any information is falsely reported, the City of Dublin may take legal action against me/us.

Signature of Owner

Print Name

Date

Signature of Owner

Print Name

Date

HAVE YOU FILLED OUT THE TOP PART OF THIS FORM?